



Kent Taylor Civic Hall
200 NE Second Street
McMinnville, OR 97128

City Council Meeting Agenda

Tuesday, October 13, 2020

6:00 p.m. – Work Session

7:00 p.m. – Regular Council Meeting

Executive Session– to immediately follow the Regular City Council meeting (CLOSED TO THE PUBLIC)

*Welcome! The public is welcome to attend, however if you are not feeling well, please stay home and take care of yourself. In accordance with Governor Kate Brown's Executive Order we are limiting the amount of people at Civic Hall and if we meet capacity we may ask you to leave. **With new face covering mandate all who wish to attend public meetings must wear a face mask or some kind of face covering is required.***

The public is strongly encouraged to relay concerns and comments to the Council in one of three ways:

- *Email at any time up to 12 p.m. the day of the meeting to Claudia.Cisneros@mcminnvilleoregon.gov;*
- *If appearing via telephone only please sign up prior to the meeting by emailing the City Recorder at Claudia.Cisneros@mcminnvilleoregon.gov as the chat function is not available when calling in zoom;*
- *Join the zoom meeting; send a chat directly to City Recorder, Claudia Cisneros, to request to speak and use the raise hand feature in zoom to request to speak, once your turn is up we will announce your name and unmute your mic.*

*You can live broadcasts the City Council Meeting on cable channels Xfinity 11 and 331,
Frontier 29 or webstream here:*

www.mcm11.org/live

CITY COUNCIL WORK SESSION & REGULAR MEETING:

You may join online via Zoom Meeting:

<https://mcminnvilleoregon.zoom.us/j/91323641404?pwd=bWxNUFNzOGN0OWIFdUVPWXBUMjRQT09>

Zoom ID: 913-2364-1404

Zoom Password: 883764

Or you can call in and listen via zoom: 1-253- 215- 8782

ID: 913-2364-1404

6:00 PM – COUNCIL WORK SESSION – VIA ZOOM & COUNCIL CHAMBERS

1. CALL TO ORDER
2. URBAN GROWTH BOUNDARY (UGB) REMAND UPDATE PROCESS PRESENTATION
3. ADJOURNMENT

7:00 PM – REGULAR COUNCIL MEETING – VIA ZOOM & COUNCIL CHAMBERS

1. CALL TO ORDER & ROLL CALL
2. INVITATION TO CITIZENS FOR PUBLIC COMMENT – *The Mayor will announce that any interested audience members are invited to provide comments. Anyone may speak on any topic other than: a matter in litigation, a quasi-judicial land use matter; or a matter scheduled for public hearing at some future date. The Mayor may limit comments to 3 minutes per person for a total of 30 minutes. The Mayor will read comments emailed to City Recorded and then any citizen participating via Zoom.*

3. ADVICE/ INFORMATION ITEMS

- a. Reports from Councilors on Committee & Board Assignments
- b. Department Head Reports
 - 1. Update on Fire Department Call Volume (Fire Chief Rich Leipfert, staff report in packet)
 - 2. Update on Fire Department Consolidation Feasibility Study (Fire Chief Rich Leipfert, staff report in packet)
- c. June 2020 Cash and Investment Report (in packet)

4. RESOLUTION

- a. Consider **Resolution No. 2020-60**: A Resolution authorizing the City Manager to enter into a Personal Services Contract with Landis Consulting Engineering Services, Inc. in the amount “not to exceed” \$64,800 for engineering design and construction support services for the WRF and RSPS Emergency Stand-by Generator Installation, Project No. 2020-2.
- b. Consider **Resolution No. 2020-62**: A Resolution Adopting a Reserve and Fund Balance Policy.
- c. Consider **Resolution No. 2020-63**: A Resolution appointing Hadleigh Heller as a youth liaison to the McMinnville Historic Landmarks Committee.

5. ORDINANCE

- a. Consider first with possible second reading of **Ordinance No. 5097**: An Ordinance Adopting a New McMinnville Municipal Code Chapter 2.35, Establishing a Diversity, Equity, and Inclusion Committee.

6. ADJOURNMENT

EXECUTIVE SESSION – IMMEDIATELY FOLLOW THE CITY COUNCIL REGULAR MEETING - VIA ZOOM (NOT OPEN TO THE PUBLIC)

1. CALL TO ORDER

- 2. **Executive Session pursuant to ORS 192.660(2)(e) and (h)**: To conduct deliberations with persons designated by the governing body to negotiate real property transactions and To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

3. ADJOURNMENT

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice: Kent Taylor Civic Hall is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made a least 48 hours before the meeting to the City Recorder (503) 435-5702 or Claudia.Cisneros@mcminnvilleoregon.gov.

Executive Sessions: The McMinnville City Council may go into Executive Session. If an Executive Session is called to order, the appropriate ORS citation will be announced identifying the applicable statute. All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions, as provided by ORS 192.660 but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.



City of McMinnville
Fire Department
 175 NE 1st Street
 McMinnville, OR 97128
 (503) 435-5800
www.mcminnvilleoregon.gov

STAFF REPORT

DATE: October 1, 2020
TO: Mayor and City Councilors
FROM: Rich Leipfert, Fire Chief
SUBJECT: Update on Fire Department Call Volume
STRATEGIC PRIORITY & GOAL:



COMMUNITY SAFETY & RESILIENCY

Proactively plan for & responsively maintain a safe & resilient community.

OBJECTIVE/S: Provide exceptional police, municipal court, fire, emergency medical services (EMS), utility services and public works

Report in Brief:

This report is to inform City Council of the current call volume data for the Fire Department.

Background:

The Fire Department has received several request about the call volume both in general and as it pertains to the Care Home responses. The information below is current as of September 30, 2020.

Discussion:

ACTUAL INCIDENTS	(2016)	(2017)	(2018)	(2019)	(2020) 1/1-9/30
Care Home Calls	1823	1697	1725	1208	742
Calls / Month	151	141	143	100	82.4

Care home calls reduced post ordinance by 25 calls per month in October of 2018. This continued into 2019 even after ordinance repeal. The 2020 numbers show a continued reduction but a large portion of that increased reduction was due to COVID 19 practices.

All Calls

ACTUAL INCIDENTS (List last 5 years)	(2016)	(2017)	(2018)	(2019)	(2020) 1/1-9/30
Fires (NFIRS 100 codes)	70	126	119	122	115
Rupture or Explosions (NFIRS 200 codes)	0	3	4	1	0
EMS & Rescues (NFIRS 300 codes)	6607	6661	6372	6102	4485
Hazardous Conditions (NFIRS 400 codes)	54	80	59	78	69
Service Calls (NFIRS 500 codes)	178	202	256	251	197
Good Intent (NFIRS 600 codes)	631	721	722	720	584
False Alarm/Calls (NFIRS 700 codes)	163	241	194	282	183
Severe Weather (NFIRS 800 codes)	0	0	0	0	0
Special Incidents (NFIRS 900 codes)	2	1	6	1	3
Other	0	3	6	56	17
Annual Totals:	7704	8038	7739	7614	5657
Calls / Month	642	669	644	626	628

Overall call volume trends are continuing to lower. If current year trends continue we will be 500 calls lower in 2020 than we were in 2017. Contributing factors to these reductions include reduced care home calls, reduced interfaculty transfers, and COVID 19 in 2020.

Attachments: None

Fiscal Impact: While reducing call volume is positive for the organization since most of the reductions are in EMS calls this does lead to a reduced revenue for ambulance transports.



**City of McMinnville
Fire Department**
175 NE 1st Street
McMinnville, OR 97128
(503) 435-5800
www.mcminnvilleoregon.gov

STAFF REPORT

DATE: October 6, 2020
TO: Mayor and City Councilors
FROM: Rich Leipfert, Fire Chief
SUBJECT: Update on Fire Department Consolidation Feasibility Study
STRATEGIC PRIORITY & GOAL:



COMMUNITY SAFETY & RESILIENCY

Proactively plan for & responsively maintain a safe & resilient community.

OBJECTIVE/S: Provide exceptional police, municipal court, fire, emergency medical services (EMS), utility services and public works

Report in Brief:

This report is to update the City Council of the estimated time line for the completion of the Feasibility Study..

Background:

Below is the draft time table for the completion of the Feasibility Study.

1. (Completed September 29th) Mid to Late-September, online review of the 90% DRAFT report (Goto Meeting) with yourself and the other study participants (2-3 hours)
2. Early October, Final Draft Report in your hands for technical review
3. Late October, edits back to me from technical review (assumes a two to three week turn around with comments)
4. November, final presentation and report delivered and on-site presentations from me to participating agencies as needed

The first step was completed on schedule and if everything else goes accordingly we will be ready for Elected Official briefings on the final document in early December. I will keep you informed of our progress.

Attachments: None

Fiscal Impact: None

CITY OF MCMINNVILLE - CASH AND INVESTMENT BY FUND
June 2020

FUND #	FUND NAME	GENERAL OPERATING		TOTAL
		CASH IN BANK	INVESTMENT	
01	General	\$1,763,454.52	\$4,325,326.20	\$6,088,780.72
05	Special Assessment	\$494.57	\$141,618.82	\$142,113.39
07	Transient Lodging Tax	\$273.04	(\$36,000.00)	(\$35,726.96)
10	Telecommunications	\$902.75	\$1,030.00	\$1,932.75
15	Emergency Communications	\$395.58	(\$73,905.19)	(\$73,509.61)
20	Street (State Tax)	\$990.17	\$1,763,296.05	\$1,764,286.22
25	Airport Maintenance	\$124.68	\$492,749.03	\$492,873.71
45	Transportation	\$702.53	\$6,309,398.36	\$6,310,100.89
50	Park Development	\$456.28	\$1,475,368.93	\$1,475,825.21
58	Urban Renewal	\$819.26	\$204,568.05	\$205,387.31
59	Urban Renewal Debt Service	\$146.29	\$261,957.93	\$262,104.22
60	Debt Service	\$369.82	\$1,295,925.08	\$1,296,294.90
70	Building	\$639.98	\$1,519,689.96	\$1,520,329.94
75	Wastewater Services	\$191.91	\$2,415,812.43	\$2,416,004.34
77	Wastewater Capital	\$15.95	\$32,522,103.65	\$32,522,119.60
79	Ambulance	\$0.00	\$0.00	\$0.00
80	Information Systems & Services	\$542.34	\$204,085.68	\$204,628.02
85	Insurance Reserve	\$613.87	\$678,290.54	\$678,904.41
CITY TOTALS		1,771,133.54	53,501,315.52	55,272,449.06

MATURITY DATE	INSTITUTION	TYPE OF INVESTMENT	INTEREST RATE	CASH VALUE
N/A	Key Bank of Oregon	Checking & Repurchase Sweep Account	0.20%	\$ 1,771,133.54
N/A	Key Bank of Oregon	Money Market Savings Account	0.01%	\$ 8,035,325.94
N/A	State of Oregon	Local Government Investment Pool (LGIP)	1.30%	\$ 42,130,791.54
N/A	State of Oregon	Park Improvement Bonds (LGIP)	1.30%	\$ 402,114.98
N/A	State of Oregon	Transportation Bond (LGIP)	1.30%	\$ 1,963,668.98
N/A	State of Oregon	Urban Renewal Loan Proceeds (LGIP)	1.30%	\$ 257,530.61
N/A	MassMutual Financial Group	Group Annuity	3.00%	\$ 711,883.47
				<u>\$ 55,272,449.06</u>
				\$ -



City of McMinnville
Community Development Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7312
www.mcminnvilleoregon.gov

STAFF REPORT

DATE: October 13, 2020
TO: Jeff Towery, City Manager
FROM: Larry Sherwood, Engineering Services Manager
SUBJECT: Personal Services Contract- WRF and RSPS Stand-by Generator Installation

Report in Brief:

This action is the consideration of a resolution to award a Personal Services Contract to Landis Consulting Engineering Services, Inc. in the amount "not to exceed" \$64,800 for engineering design and construction support services for the WRF and RSPS Emergency Stand-by Generator Installation, Project No. 2020-2.

Background:

Electricity for the City's Water Reclamation Facility (WRF) and Raw Sewage Pump Station (RSPS) is supplied by McMinnville Water & Light and has redundancy in the event of a localized power outage. To supply immediate and automatic temporary electricity to these critical facilities during a wide spread regional power outage, the City's Water Reclamation Facilities Plan recommends the installation of emergency stand-by generators at each facility.

Discussion:

At its June 9, 2020 meeting, City Council adopted resolution 2020-33 approving the purchase of the emergency stand-by generator equipment for the WRF and RSPS (attachment 1). The scope of work included in this Personal Service Contract (attachment 2) consists of the electrical engineering design and specialized bid document content necessary to assist the City with producing complete engineered construction plans and bid documents, as well as providing construction support services during the installation of these generators. We expect to advertise the Project for construction early next calendar year, and anticipate presenting the award of the construction contract to Council after bidding in spring 2021.

Landis has assisted several municipalities in completing similar projects including the cities of Salem, Corvallis, Albany, and the Eugene Water & Electric Board.

Attachments:

1. Resolution 2020-33
2. Personal Services Contract
3. Proposed Resolution 2020-60

Fiscal Impact:

The Adopted FY21 budget includes \$1,100,000 in the Wastewater Capitol Fund (77) for the supply and installation of stand-by emergency generators at the WRF and RSPS. The cost of this Personal Services Contract is “not to exceed” \$64,800 and the cost of the equipment is \$460,902. Preliminary cost estimates for the installation contract indicate the total project will be delivered within budget.

Recommendation:

Staff recommends that the City Council adopt the attached resolution authorizing the City Manager to enter into a Personal Services Contract with Landis Consulting Engineering Services, Inc. in the amount “not to exceed” \$64,800 for engineering design and construction support services for the WRF and RSPS Emergency Stand-by Generator Installation, Project No. 2020-2.

RESOLUTION NO. 2020 -33

A Resolution authorizing the City Manager to enter into a contract with Cummins, Inc. for the purchase of emergency stand-by generators for the City's Water Reclamation Facility (WRF) and Raw Sewage Pump Station (RSPS) through Sourcewell, an Interstate Cooperative Purchasing Program.

RECITALS:

Electrical power for the City's WRF and RSPS is supplied by McMinnville Water & Light and has redundancy in the event of a localized power outage. The City's Water Reclamation Facilities Plan addresses the need for emergency power generation at the WRF and RSPS in the event of a wide spread regional power outage through the use of emergency stand-by generators. The purchase of these generators, along with subsequent installation contracts, will address the need to supply immediate and automatic temporary electricity to keep these critical facilities operating during a wide spread power outage.

Sourcewell (formerly NJPA) advertised Request for Proposal #120617 in the Oregon Daily Journal of Commerce soliciting sealed proposals for Electrical Energy Power Generation supplies and services. Three manufacturers (Caterpillar, Kohler, and Cummins) with generators meeting the City's specific capacity needs were awarded contracts through this solicitation. The competitive bid process used by Sourcewell meets Oregon Revised Statutes for procurement of goods and services, and members are able to use this procurement option. The City of McMinnville is registered Sourcewell member #41616.

Generators from the three manufacturers were evaluated and scored by a panel consisting of City staff and engineers from Jacobs to assist in the selection of the preferred manufacturer. In addition, references were checked from similar end users following a template of specific reliability, service and warranty related questions. The Cummins product ranked highest in average score, received positive responses from end users, and was the lowest priced unit of the three manufactures.

Cummins, Inc. should be considered the preferred manufacturer to supply the stand-by generators at a cost of \$230,451 each, for a total of \$460,902.

Funding for the new generators is included in the adapted FY21 Wastewater Capitol Fund (77).

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, OREGON, as follows:

1. That entry into with Cummins, Inc. for \$ 460,902 for the purchase of emergency stand-by generators for the City's Water Reclamation Facility (WRF) and Raw Sewage Pump Station (RSPS) through Sourcewell, an Interstate Cooperative Purchasing Program, is hereby approved.

2. The City Manager is hereby authorized and directed to execute the Contract with Cummins, Inc.
3. That this resolution shall take effect immediately upon passage and shall continue in full force and effect until revoked or replaced.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 9th day of June 2020 by the following votes:

Ayes: Drabkin, Garvin, Geary, Menke, Peralta, Stassens

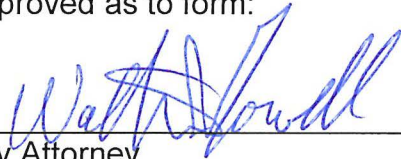
Nays: _____

Approved this 9th day of June 2020.




MAYOR

Approved as to form:



City Attorney

Attest:



City Recorder

CITY OF McMinnville, Oregon

PERSONAL SERVICES CONTRACT

for

WRF AND RSPS EMERGENCY STAND-BY GENERATOR INSTALLATION

Project No. 2020-2

This Contract is between the CITY OF McMinnville, a municipal corporation of the State of Oregon (City) and Landis Consulting Engineering Services (Contractor). The City's Project Manager for this Contract is Larry Sherwood.

The parties mutually covenant and agree as follows:

1. **Effective Date and Duration.** This contract is effective on the date at which every party has signed the contract and will expire, unless otherwise terminated or extended, on September 1, 2021.

2. **Statement of Work.** The work to be performed under this contract consists of: *Engineering Design and Construction Support Services for the installation of Owner Furnished emergency stand-by generators at the Cities Water Reclamation Facility and Raw Sewage Pump Station.* The statement of work, including the delivery schedule for the work, is contained in Exhibit A. The Statement of the Work reflects both the work anticipated and the fees the Contractor will charge for each component of that work. The work provided will be guided by the Statement of the Work, but the Contractor will, with the approval and direction of the City, perform services in such a way as to ensure constant progress is being made to achieve the City's end goals in the most efficient manner possible.

3. **Consideration.**
 - a. City agrees to pay Contractor for actual hours worked, and allowable expenses incurred for accomplishing the work required by this contract, with a total sum **not to exceed \$64,800.**
 - b. Contractor will furnish with each invoice for services an itemized statement showing both the work performed and the number of hours devoted to the project by the Contractor and its agents. City will pay the Contractor for services within 30 days of receiving an itemized bill that has been approved by the Project Manager.
 - c. City certifies that sufficient funds are available and authorized for expenditure to finance the cost of this contract.

4. **Additional Services.** Additional services, not covered in Exhibit A, will be provided if mutually agreed upon by the parties and authorized or confirmed in writing by the City, and will be paid for by the City as provided in this Contract in addition to the compensation authorized in subsection 3a. If authorized by the City, the additional services will be performed under a series of Task Orders defining the services to be performed, time of performance, and cost for each phase of services.

[CONTINUED ON NEXT PAGE]

CONTRACTOR DATA, CERTIFICATION, AND SIGNATURE

Name (please print):

Landis Corporation dba Landis Consulting

Address:

5335 Meadows Road Suite 388 Lake Oswego, OR 97035

Social Security #: _____

Federal Tax ID #: 93-1319258

State Tax ID #: 01128737-8

Citizenship: Nonresident alien Yes No

Business Designation (check one): Individual Sole Proprietorship Partnership
 Corporation Government/Nonprofit

The above information must be provided prior to contract approval. Payment information will be reported to the Internal Revenue Service (IRS) under the name and taxpayer I.D. number provided above. (See IRS 1099 for additional instructions regarding taxpayer ID numbers.) Information not matching IRS records could subject you to 31 percent backup withholding.

I, the undersigned, understand that the Standard Terms and Conditions for Personal Services Contracts and Exhibits A, B, C, and D are an integral part of this contract and agree to perform the work described in Exhibit A in accordance with the terms and conditions of this contract; certify under penalty of perjury that I/my business am not/is not in violation of any Oregon tax laws; and certify I am an independent contractor as defined in ORS 670.600.

Signed by Contractor:

 President
Signature/Title

2020-09-18
Date

NOTICE TO CONTRACTOR: This contract does not bind the City of McMinnville unless and until it has been fully executed by the appropriate parties.

CITY OF McMINNVILLE SIGNATURE

Approved:

City Manager or Designee

Date

Reviewed:

City Attorney or Designee

Date

CITY OF McMinnville
STANDARD TERMS AND CONDITIONS FOR PERSONAL SERVICES CONTRACTS

1. Contractor is Independent Contractor.

a. Contractor will perform the work required by this contract as an independent contractor. Although the City reserves the right (i) to determine (and modify) the delivery schedule for the work to be performed and (ii) to evaluate the quality of the completed performance, the City cannot and will not control the means or manner of the Contractor's performance. The Contractor is responsible for determining the appropriate means and manner of performing the work.

b. The Contractor represents and warrants that Contractor (i) is not currently an employee of the federal government or the State of Oregon, and (ii) meets the specific independent contractor standards of ORS 670.600, as certified on the Independent Contractor Certification Statement attached as Exhibit D.

c. Contractor will be responsible for any federal or state taxes applicable to any compensation or payment paid to Contractor under this contract.

d. If Contractor is a contributing member of the Public Employees' Retirement System, City will withhold Contractor's contribution to the retirement system from Contractor's compensation or payments under this contract and make a corresponding City contribution. Contractor is not eligible for any federal Social Security, unemployment insurance, or workers' compensation benefits from compensation or payments to Contractor under this contract, except as a self-employed individual.

2. Subcontracts and Assignment. Contractor will not subcontract any of the work required by this contract, or assign or transfer any of its interest in this contract, without the prior written consent of the City. Contractor agrees that if subcontractors are employed in the performance of this contract, the Contractor and its subcontractors are subject to the requirements and sanctions of ORS Chapter 656, Workers' Compensation.

3. No Third Party Beneficiaries. City and Contractor are the only parties to this contract and are the only parties entitled to enforce its terms. Nothing in this contract gives or provides any benefit or right, whether directly, indirectly, or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this contract.

4. Successors in Interest. The provisions of this contract will be binding upon and will inure to the benefit of the parties, and their respective successors and approved assigns, if any.

5. Early Termination

a. The City and the Contractor, by mutual written agreement, may terminate this Contract at any time.

b. The City, on 30 days written notice to the Contractor, may terminate this Contract for any reason deemed appropriate in its sole discretion.

c. Either the City or the Contractor may terminate this Contract in the event of a breach of the Contract by the other party. Prior to termination, however, the party seeking the termination will give to the other party written notice of the breach and of the party's intent to terminate. If the Party has not entirely cured the breach within 15 days of the notice, then the party giving the notice may terminate the Contract at any time thereafter by giving a written notice of termination.

6. Payment on Early Termination

a. If this contract is terminated under 5(a) or 5(b), the City will pay the Contractor for work performed in accordance with the Contract prior to the termination date. Payment may be pro-rated as necessary.

b. If this contract is terminated under 5(c) by the Contractor due to a breach by the City, then the City will pay the Contractor as provided in subsection (a) of this section.

c. If this contract is terminated under 5(c) by the City due to a breach by the Contractor, then the City will pay the Contractor as provided in subsection (a) of this section, subject to set off of excess costs, as provided for in section 7, Remedies.

7. Remedies

a. In the event of termination under 5(c) by the City due to a breach by the Contractor, the City may complete the work either itself, by agreement with another contractor, or by a combination thereof. In the event the cost of completing the work exceeds the remaining unpaid balance of the total compensation provided under this contract, the Contractor will pay to the City the amount of the reasonable excess.

b. The remedies provided to the City under section 5 and section 7 for a breach by the Contractor are not exclusive. The City will also be entitled to any other equitable and legal remedies that are available.

c. In the event of breach of this Contract by the City, the Contractor's remedy will be limited to termination of the Contract and receipt of payment as provided in section 5(c) and 6(b).

8. Access to Records. Contractor will maintain, and the City and its authorized representatives will have access to, all books, documents, papers and records of Contractor which relate to this contract for the purpose of making audit, examination, excerpts, and transcripts for a period of three years after final payment. Copies of applicable records will be made available upon request. Payment for the cost of copies is reimbursable by the City.

9. Ownership of Work. All work products of the Contractor, including background data, documentation, and staff work that is preliminary to final reports, and which result from this contract, are the property of the City. Contractor will retain no ownership interests or rights in the work product. Use of any work product of the Contractor for any purpose other than the use intended by this contract is at the risk of the City.

10. Compliance with Applicable Law. Contractor will comply with all federal, state, and local laws and ordinances applicable to the work under this contract, including, without limitation, the provisions of ORS 279B.220, 279B.230, and 279B.235, as set forth on Exhibit B. Without limiting the foregoing, Contractor expressly agrees to comply with: (i) Title VI of the Civil Rights Act of 1964; (ii) Section V of the Rehabilitation Act of 1973; (iii) the Americans with Disabilities Act of 1990 (Pub L No. 101-336), ORS 659A.142, and all regulations and administrative rules established pursuant to those laws; and (iv) all other applicable requirements of federal and state civil rights and rehabilitation statutes, rules, and regulations.

11. Indemnity and Hold Harmless

a. Except for the professional negligent acts covered by paragraph 11.b., Contractor will defend, save, hold harmless, and indemnify the City, its officers, agents, and employees from all claims, suits, or actions of whatsoever nature resulting from or arising out of the activities of Contractor or its officers, employees, subcontractors, or agents under this contract.

b. Contractor will defend, save, hold harmless, and indemnify the City, its officers, agents, and employees from all claims, suits, or actions arising out of the professional negligent acts, errors, or omissions of Contractor or its officers, employees, subcontractors, or agents under this contract.

12. Insurance. Contractor will provide insurance in accordance with Exhibit C.

13. Waiver. The failure of the City to enforce any provision of this contract will not constitute a waiver by the City of that or any other provision.

14. Errors. The Contractor will perform such additional work as may be necessary to correct errors in the work required under this contract without undue delays and without additional cost.

15. Governing Law. The provisions of this contract will be construed in accordance with the laws of the State of Oregon and ordinances of the City of McMinnville, Oregon. Any action or suits involving any question arising under this contract must be brought in the appropriate court in Yamhill County, Oregon. Provided, however, if the claim must be brought in a federal forum, then it will be brought and conducted in the United States District Court for the District of Oregon.

16. Severability. If any term or provision of this contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected, and the rights and obligations of the parties will be construed and enforced as if the contract did not contain the particular term or provision held invalid.

17. Merger Clause. THIS CONTRACT AND ATTACHED EXHIBITS CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES. NO WAIVER, CONSENT, MODIFICATION, OR CHANGE OF TERMS OF THIS CONTRACT WILL BIND EITHER PARTY UNLESS IN WRITING, SIGNED BY BOTH PARTIES. ANY WAIVER, CONSENT, MODIFICATION, OR CHANGE, IF MADE, WILL BE EFFECTIVE ONLY IN THE SPECIFIC INSTANCE AND FOR THE SPECIFIC PURPOSE GIVEN. THERE ARE NO UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS CONTRACT. BY ITS SIGNATURE, CONTRACTOR ACKNOWLEDGES IT HAS READ AND UNDERSTANDS THIS CONTRACT AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

EXHIBIT A
STATEMENT OF THE WORK

(See attached)

EXHIBIT B
COMPLIANCE WITH APPLICABLE LAW

279B.220 Conditions concerning payment, contributions, liens, withholding. Every public contract shall contain a condition that the contractor shall:

(1) Make payment promptly, as due, to all persons supplying to the contractor labor or material for the performance of the work provided for in the contract.

(2) Pay all contributions or amounts due the Industrial Accident Fund from the contractor or subcontractor incurred in the performance of the contract.

(3) Not permit any lien or claim to be filed or prosecuted against the state or a county, school district, municipality, municipal corporation or subdivision thereof, on account of any labor or material furnished.

(4) Pay to the Department of Revenue all sums withheld from employees under ORS 316.167. [2003 c.794 §76a]

279B.230 Condition concerning payment for medical care and providing workers' compensation.

(1) Every public contract shall contain a condition that the contractor shall promptly, as due, make payment to any person, copartnership, association or corporation furnishing medical, surgical and hospital care services or other needed care and attention, incident to sickness or injury, to the employees of the contractor, of all sums that the contractor agrees to pay for the services and all moneys and sums that the contractor collected or deducted from the wages of employees under any law, contract or agreement for the purpose of providing or paying for the services.

(2) Every public contract shall contain a clause or condition that all subject employers working under the contract are either employers that will comply with ORS 656.017 or employers that are exempt under ORS 656.126. [2003 c.794 §76c]

279B.235 Condition concerning hours of labor; compliance with pay equity provisions; employee discussions of rate of pay or benefits. (1) Except as provided in subsections (3) to (6) of this section, every public contract subject to this chapter must provide that:

(a) A contractor may not employ an employee for more than 10 hours in any one day, or 40 hours in any one week, except in cases of necessity, emergency or when the public policy absolutely requires otherwise, and in such cases, except in cases of contracts for personal services designated under ORS 279A.055, the contractor shall pay the employee at least time and a half pay for:

(A)(i) All overtime in excess of eight hours in any one day or 40 hours in any one week if the work week is five consecutive days, Monday through Friday; or

(ii) All overtime in excess of 10 hours in any one day or 40 hours in any one week if the work week is four consecutive days, Monday through Friday; and

(B) All work the employee performs on Saturday and on any legal holiday specified in ORS 279B.020.

(b) The contractor shall comply with the prohibition set forth in ORS 652.220, that compliance is a material element of the contract and that a failure to comply is a breach that entitles the contracting agency to terminate the contract for cause.

(c) The contractor may not prohibit any of the contractor's employees from discussing the employee's rate of wage, salary, benefits or other compensation with another employee or another person and may not retaliate against an employee who discusses the employee's rate of wage, salary, benefits or other compensation with another employee or another person.

(2) A contractor shall give notice in writing to employees who work on a public contract, either at the time of hire or before work begins on the contract, or by posting a notice in a location frequented by employees, of the number of hours per day and days per week that the contractor may require the employees to work.

(3) A public contract for personal services, as described in ORS 279A.055, must provide that the contractor shall pay the contractor's employees who work under the public contract at least time and a half for all overtime the employees work in excess of 40 hours in any one week, except for employees under a personal services public contract who are excluded under ORS 653.010 to 653.261 or under 29 U.S.C. 201 to 209 from receiving overtime.

(4) A public contract for services at a county fair, or for another event that a county fair board authorizes, must provide that the contractor shall pay employees who work under the public contract at least time and a half for work in excess of 10 hours in any one day or 40 hours in any one week. A contractor shall notify employees who work under the public contract, either at the time of hire or before work begins on the public contract, or by posting a notice in a location frequented by employees, of the number of hours per day and days per week that the contractor may require the employees to work.

(5)(a) Except as provided in subsection (4) of this section, a public contract for services must provide that the contractor shall pay employees at least time and a half pay for work the employees perform under the public contract on the legal holidays specified in a collective bargaining agreement or in ORS 279B.020 (1)(b)(B) to (G) and for all time the employee works in excess of 10 hours in any one

day or in excess of 40 hours in any one week, whichever is greater.

(b) A contractor shall notify in writing employees who work on a public contract for services, either at the time of hire or before work begins on the public contract, or by posting a notice in a location frequented by employees, of the number of hours per day and days per week that the contractor may require the employees to work.

(6) This section does not apply to public contracts:

(a) With financial institutions as defined in ORS 706.008.

(b) Made pursuant to the authority of the State Forester or the State Board of Forestry under ORS 477.406 for labor performed in the prevention or suppression of fire.

(c) For goods or personal property. [2003 c.794 §77; 2005 c.103 §8f; 2015 c.454 §4]

**EXHIBIT C
INSURANCE**

(The Project Manager must answer and initial 2, 3, and 4 below).

During the term of this contract, Contractor will maintain in force at its own expense, each insurance noted below:

1. **Workers Compensation** insurance in compliance with ORS 656.017, which requires subject employers to provide Oregon workers' compensation coverage for all their subject workers. (Required of contractors with one or more employees, unless exempt under ORS 656.027).

Required by City I am exempt. Signed _____

2. **Professional Liability** insurance with a combined single limit of not less than \$1,200,000, \$2,000,000, or \$3,000,000 each claim, incident, or occurrence. This is to cover damages caused by error, omission, or negligent acts related to the professional services to be provided under this contract. The coverage must remain in effect for at least one year two years after the contract is completed.

Required by City Not required by City By: _____ LS _____

3. **General Liability** insurance, on an occurrence basis, with a combined single limit of not less than \$1,200,000, \$2,000,000, or \$3,000,000 each occurrence for Bodily Injury and Property Damage. It must include contractual liability coverage. This coverage will be primary and non-contributory with any other insurance and self-insurance.

Required by City Not required by City By: _____ LS _____

4. **Automobile Liability** insurance with a combined single limit, or the equivalent of not less than \$1,200,000, \$2,000,000, or \$3,000,000 each accident for Bodily Injury and Property Damage, including coverage for owned, hired or non-owned vehicles.

Required by City Not required by City By: _____ LS _____

5. **Notice of cancellation or change.** There will be no cancellation, material change, reduction of limits, or intent not to renew the insurance coverage(s) without prior written notice from the Contractor or its insurer(s) to the City.

6. **Certificates of insurance.** As evidence of the insurance coverages required by this contract, the Contractor will furnish acceptable insurance certificates to the City at the time the Contractor returns the signed contracts. For general liability insurance and automobile liability insurance, the certificate will provide that the City, and its agents, officers, and employees, are additional insureds, but only with respect to Contractor's services to be provided under this contract. The certificate will include the cancellation clause, and will include the deductible or retention level. Insuring companies or entities are subject to City acceptance. If requested, complete copies of insurance policies will be provided to the City. The Contractor will be financially responsible for all pertinent deductibles, self-insured retentions, and self-insurance.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/22/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Hall & Company 19660 10th Ave NE Poulsbo WA 98370	CONTACT NAME: Sarah Fish PHONE (A/C, No, Ext): 360-626-2961 E-MAIL ADDRESS: sfish@hallandcompany.com	FAX (A/C, No): 360-626-2961
	INSURER(S) AFFORDING COVERAGE	
INSURED Landis Corporation dba Landis Consulting 5335 Meadows Road Suite 388 Lake Oswego OR 97035	INSURER A: The Travelers Indemnity Company of America NAIC # 25666	
	INSURER B: The Travelers Indemnity Company of Connecticut NAIC # 25682	
	INSURER C: Travelers Property Casualty Company of America NAIC # 25674	
	INSURER D: Argonaut Insurance Company NAIC # 19801	
	INSURER E: Travelers Casualty and Surety Company NAIC # 19038	
	INSURER F:	

COVERAGES

CERTIFICATE NUMBER: 1362302460

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:	Y	Y	6800J364086	4/12/2020	4/12/2021	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$4,000,000 \$
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	Y	Y	BA7B883560	4/30/2020	4/30/2021	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000	Y	Y	CUP8B220565	4/12/2020	4/12/2021	EACH OCCURRENCE \$3,000,000 AGGREGATE \$3,000,000 \$
E	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y / N <input type="checkbox"/> N / A		Y	UB3K55045A	4/30/2020	4/30/2021	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
D	Professional Liab: Claims Made			121 AE 0003705-01	4/12/2020	4/12/2021	Per Claim \$2,000,000 Aggregate \$4,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

For General and Auto Liability Insurance, the certificate will provide that the City, and its agents, officers, and employees, are additional insureds, but only with respect to the contractor's services to be provided under this contract.

CERTIFICATE HOLDER**CANCELLATION**

City of McMinnville
1900 NE Riverside Dr
McMinnville OR 97128
United State

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

© 1988-2015 ACORD CORPORATION. All rights reserved.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED (ARCHITECTS, ENGINEERS AND SURVEYORS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. The following is added to SECTION II – WHO IS AN INSURED:

Any person or organization that you agree in a "written contract requiring insurance" to include as an additional insured on this Coverage Part, but:

- a. Only with respect to liability for "bodily injury", "property damage" or "personal injury"; and
- b. If, and only to the extent that, the injury or damage is caused by acts or omissions of you or your subcontractor in the performance of "your work" to which the "written contract requiring insurance" applies, or in connection with premises owned by or rented to you.

The person or organization does not qualify as an additional insured:

- c. With respect to the independent acts or omissions of such person or organization; or
- d. For "bodily injury", "property damage" or "personal injury" for which such person or organization has assumed liability in a contract or agreement.

The insurance provided to such additional insured is limited as follows:

- e. This insurance does not apply on any basis to any person or organization for which coverage as an additional insured specifically is added by another endorsement to this Coverage Part.
- f. This insurance does not apply to the rendering of or failure to render any "professional services".
- g. In the event that the Limits of Insurance of the Coverage Part shown in the Declarations exceed the limits of liability required by the "written contract requiring insurance", the insurance provided to the additional insured shall be limited to the limits of liability required by that "written contract requiring insurance". This endorsement does not increase the limits of insurance described in Section III – Limits Of Insurance.

- h. This insurance does not apply to "bodily injury" or "property damage" caused by "your work" and included in the "products-completed operations hazard" unless the "written contract requiring insurance" specifically requires you to provide such coverage for that additional insured, and then the insurance provided to the additional insured applies only to such "bodily injury" or "property damage" that occurs before the end of the period of time for which the "written contract requiring insurance" requires you to provide such coverage or the end of the policy period, whichever is earlier.

2. The following is added to Paragraph 4.a. of SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS:

The insurance provided to the additional insured is excess over any valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to the additional insured for a loss we cover. However, if you specifically agree in the "written contract requiring insurance" that this insurance provided to the additional insured under this Coverage Part must apply on a primary basis or a primary and non-contributory basis, this insurance is primary to other insurance available to the additional insured which covers that person or organizations as a named insured for such loss, and we will not share with the other insurance, provided that:

- (1) The "bodily injury" or "property damage" for which coverage is sought occurs; and
- (2) The "personal injury" for which coverage is sought arises out of an offense committed;

after you have signed that "written contract requiring insurance". But this insurance provided to the additional insured still is excess over valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to the additional insured when that person or organization is an additional insured under any other insurance.

COMMERCIAL GENERAL LIABILITY

3. The following is added to Paragraph 8., Transfer Of Rights Of Recovery Against Others To Us, of SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS:

We waive any right of recovery we may have against any person or organization because of payments we make for "bodily injury", "property damage" or "personal injury" arising out of "your work" performed by you, or on your behalf, done under a "written contract requiring insurance" with that person or organization. We waive this right only where you have agreed to do so as part of the "written contract requiring insurance" with such person or organization signed by you before, and in effect when, the "bodily injury" or "property damage" occurs, or the "personal injury" offense is committed.

4. The following definition is added to the DEFINITIONS Section:

"Written contract requiring insurance" means that part of any written contract under which you are required to include a person or organization as an additional insured on this Coverage Part, provided that the "bodily injury" and "property damage" occurs and the "personal injury" is caused by an offense committed:

- a. After you have signed that written contract;
- b. While that part of the written contract is in effect; and
- c. Before the end of the policy period.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AUTO COVERAGE PLUS ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

GENERAL DESCRIPTION OF COVERAGE – This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to the Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Limitations and exclusions may apply to these coverages. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

- | | |
|---|---|
| <ul style="list-style-type: none"> A. BLANKET ADDITIONAL INSURED B. EMPLOYEE HIRED AUTO C. EMPLOYEES AS INSURED D. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS E. TRAILERS – INCREASED LOAD CAPACITY F. HIRED AUTO PHYSICAL DAMAGE G. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT | <ul style="list-style-type: none"> H. AUDIO, VISUAL AND DATA ELECTRONIC EQUIPMENT – INCREASED LIMIT I. WAIVER OF DEDUCTIBLE – GLASS J. PERSONAL PROPERTY K. AIRBAGS L. AUTO LOAN LEASE GAP M. BLANKET WAIVER OF SUBROGATION |
|---|---|

A. BLANKET ADDITIONAL INSURED

The following is added to Paragraph **A.1., Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

Any person or organization who is required under a written contract or agreement between you and that person or organization, that is signed and executed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, to be named as an additional insured is an "insured" for Covered Autos Liability Coverage, but only for damages to which this insurance applies and only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in Section II.

B. EMPLOYEE HIRED AUTO

1. The following is added to Paragraph **A.1., Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

An "employee" of yours is an "insured" while operating a covered "auto" hired or rented under a contract or agreement in an "employee's" name, with your permission, while

performing duties related to the conduct of your business.

2. The following replaces Paragraph **b.** in **B.5., Other Insurance**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

b. For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

- (1)** Any covered "auto" you lease, hire, rent or borrow; and
- (2)** Any covered "auto" hired or rented by your "employee" under a contract in an "employee's" name, with your permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

C. EMPLOYEES AS INSURED

The following is added to Paragraph **A.1., Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

COMMERCIAL AUTO

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

D. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS

1. The following replaces Paragraph **A.2.a.(2)** of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

(2) Up to \$3,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

2. The following replaces Paragraph **A.2.a.(4)** of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

(4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$500 a day because of time off from work.

E. TRAILERS – INCREASED LOAD CAPACITY

The following replaces Paragraph **C.1.** of **SECTION I – COVERED AUTOS**:

1. "Trailers" with a load capacity of 3,000 pounds or less designed primarily for travel on public roads.

F. HIRED AUTO PHYSICAL DAMAGE

The following is added to Paragraph **A.4., Coverage Extensions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Hired Auto Physical Damage Coverage

If hired "autos" are covered "autos" for Covered Autos Liability Coverage but not covered "autos" for Physical Damage Coverage, and this policy also provides Physical Damage Coverage for an owned "auto", then the Physical Damage Coverage is extended to "autos" that you hire, rent or borrow subject to the following:

(1) The most we will pay for "loss" to any one "auto" that you hire, rent or borrow is the lesser of:

- (a) \$50,000;
- (b) The actual cash value of the damaged or stolen property as of the time of the "loss"; or
- (c) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

(2) An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".

(3) If a repair or replacement results in better than like kind or quality, we will not pay for the amount of betterment.

(4) A deductible equal to the highest Physical Damage deductible applicable to any owned covered "auto".

(5) This Coverage Extension does not apply to:

(a) Any "auto" that is hired, rented or borrowed with a driver; or

(b) Any "auto" that is hired, rented or borrowed from your "employee".

G. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT

The following replaces the first sentence in Paragraph **A.4.a., Transportation Expenses**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

We will pay up to \$50 per day to a maximum of \$1,500 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type.

H. AUDIO, VISUAL AND DATA ELECTRONIC EQUIPMENT – INCREASED LIMIT

Paragraph **C.1.b.** of **SECTION III – PHYSICAL DAMAGE COVERAGE** is deleted.

I. WAIVER OF DEDUCTIBLE – GLASS

The following is added to Paragraph **D., Deductible**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

No deductible for a covered "auto" will apply to glass damage if the glass is repaired rather than replaced.

J. PERSONAL PROPERTY

The following is added to Paragraph **A.4., Coverage Extensions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Personal Property Coverage

We will pay up to \$400 for "loss" to wearing apparel and other personal property which is:

(1) Owned by an "insured"; and

(2) In or on your covered "auto".

This coverage only applies in the event of a total theft of your covered "auto".

No deductibles apply to Personal Property coverage.

K. AIRBAGS

The following is added to Paragraph **B.3., Exclusions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Exclusion **3.a.** does not apply to "loss" to one or more airbags in a covered "auto" you own that inflate due to a cause other than a cause of "loss" set forth in Paragraphs **A.1.b.** and **A.1.c.**, but only:

- a. If that "auto" is a covered "auto" for Comprehensive Coverage under this policy;
- b. The airbags are not covered under any warranty; and
- c. The airbags were not intentionally inflated.

We will pay up to a maximum of \$1,000 for any one "loss".

L. AUTO LOAN LEASE GAP

The following is added to Paragraph **A.4., Coverage Extensions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Auto Loan Lease Gap Coverage for Private Passenger Type Vehicles

In the event of a total "loss" to a covered "auto" of the private passenger type shown in the Schedule or Declarations for which Physical Damage Coverage is provided, we will pay any unpaid amount due on the lease or loan for such covered "auto" less the following:

- (1) The amount paid under the Physical Damage Coverage Section of the policy for that "auto"; and

(2) Any:

- (a) Overdue lease or loan payments at the time of the "loss";
- (b) Financial penalties imposed under a lease for excessive use, abnormal wear and tear or high mileage;
- (c) Security deposits not returned by the lessor;
- (d) Costs for extended warranties, Credit Life Insurance, Health, Accident or Disability Insurance purchased with the loan or lease; and
- (e) Carry-over balances from previous loans or leases.

M. BLANKET WAIVER OF SUBROGATION

The following replaces Paragraph **A.5., Transfer Of Rights Of Recovery Against Others To Us**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

5. Transfer Of Rights Of Recovery Against Others To Us

We waive any right of recovery we may have against any person or organization to the extent required of you by a written contract executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of the operations contemplated by such contract. The waiver applies only to the person or organization designated in such contract.

EXHIBIT D
CERTIFICATION STATEMENT FOR INDEPENDENT CONTRACTOR
(Contractor complete A or B below, Project Manager complete C below.)

A. CONTRACTOR IS A CORPORATION

CORPORATION CERTIFICATION: I am authorized to act on behalf of the entity named below, and certify under penalty of perjury that it is a corporation.

Entity	Signature	Date

B. CONTRACTOR IS INDEPENDENT.

Contractor certifies he/she meets the following standards:

1. The individual or business entity providing services is free from direction and control over the means and manner of providing the services, subject only to the right of the person for whom the services are provided to specify the desired results,
2. The individual or business entity is licensed under ORS chapters 671 or 701 if the individual or business entity provides services for which a license is required by ORS chapters 671 or 701,
3. The individual or business entity is responsible for obtaining other licenses or certificates necessary to provide the services,
4. The individual or business entity is customarily engaged in an independently established business, as any three of the following requirements are met **(please check three or more of the following):**
 - A. The person maintains a business location i) that is separate from the business or work location of the person for whom the services are provided or ii) that is in a portion of the person's residence and that portion is used primarily for the business.
 - B. The person bears the risk of loss related to the business or the provision of services as shown by factors such as i) the person enters into fixed-price contracts, ii) the person is required to correct defective work, iii) the person warrants the services provided, or iv) the person negotiates indemnification agreements or purchases liability insurance, performance bonds, or errors and omissions insurance.
 - C. The person provides contracted services for two or more different persons within a 12 month period or the person routinely engages in business advertising, solicitation, or other marketing efforts reasonably calculated to obtain new contracts to provide similar services.
 - D. The person makes a significant investment in the business, through means such as i) purchasing tools or equipment necessary to provide the services, ii) paying for the premises or facilities where the services are provided, or iii) paying for licenses, certificates, or specialized training required to provide the services.
 - E. The person has the authority to hire other persons to provide or to assist in providing the services and has the authority to fire those persons.

Contractor Signature <i>Benjamin E. Long</i>	Date 2020-09-18
--	------------------------

(Project Manager complete C below.)

C. CITY APPROVAL

ORS 670.600 Independent contractor standards. As used in various provisions of ORS chapters 316, 656, 657, 671, and 701, an individual or business entity that performs services for remuneration will be considered to perform the services as an "independent contractor" if the standards of this section are met. The contractor meets the following standards:

1. The Contractor is free from direction and control over the means and manner of providing the services, subject only to the right of the City to specify the desired results,
2. The Contractor is responsible for obtaining licenses under ORS chapters 671 and 701 when these licenses are required to provide the services,

3. The Contractor is responsible for obtaining other licenses or certificates necessary to provide the services,
4. The Contractor has the authority to hire and fire employees to provide or assist in providing the services, and
5. The person is customarily engaged in an independently established business as indicated in B. 4 above.

Project Manager Signature

Date

Exhibit A

Landis Consulting

ENGINEERING SERVICES

August 25, 2020

Larry Sherwood
City of McMinnville
Engineering Services Manager
231 NE Fifth Street
McMinnville, OR 97128

Subject: Professional Services Proposal and Agreement
New Generators – McMinnville, Oregon

Dear Mr. Sherwood,

Thank you for contacting Landis Consulting for this project. Ben Perry is committed as the principal-in-charge and Mark Boettcher as Project Manager/Electrical Engineer. This letter confirms our understanding of the Scope of Work, presents our fee proposal for Professional Services, and will act as an Agreement and Notice to Proceed. The Scope of Work is based upon the preliminary documents provided and the initial site visit with the City.

1. **Project Scope**. We believe the project encompass the following elements:
 - a. New 1.0-megawatt generator at the wastewater treatment facility. Generator will replace one of the existing MWL services. Automatic transfer switch is existing and will be connected to the new generator.
 - b. New 1.0 megawatt generator at main pump station. Automatic transfer switch will be Owner installed. Generator will replace one of the existing MWL services.
 - c. Generators will be Owner Furnished Contractor Installed.
 - d. New feeders, junction boxes, etc. required to connect the generators to the existing power distribution system.
 - e. Structural Engineering design and calculations for generator concrete pad and anchor bolts. Landis has proposed to utilize MSC Structural Engineers.

2. **Professional Services**. Landis Consulting will provide the following Professional Services:
 - a. Electrical design and construction services.
 - b. Engineer's estimate at 50% and 90% milestones.
 - c. Full Division 16 (or 26) Specifications.

Landis Consulting

ENGINEERING SERVICES

- d. Drawings are assumed to be issued as one (1) bid package. However, we have also assumed that two (2) sets of drawings will need to be submitted for permitting, one for the wastewater treatment plant and one for the pump station.
 - e. Deliverables in electronic (PDF) format.
3. **Assumptions.**
- a. Generators and transfer switches are OFCI. Landis will work with Owner and their supplier (Cummins) to assist with product selection and review submittals prior to ordering.
 - b. All Civil and Surveying Work (asphalt, curbs, landscaping, etc.) will be provided by the City of McMinnville.
 - c. Front end documents (Division 00 and 01) will be provided by the City of McMinnville. Landis will work with the City to edit the front end documents to be project specific.
 - d. City of McMinnville will provide AutoCAD “base maps” or “XREFs” for use by Landis to develop Drawings.
 - e. Bidding documents will be provided to bidders in electronic (PDF) format. The costs of printing drawings and specifications has been excluded from this proposal.
 - f. City of McMinnville will manage the construction with the Contractor. Landis will assist the City.
 - g. Additional assumptions as identified in Attachment B.
4. **Design Schedule.** Our proposal is based on the following estimated design schedule:
- a. Design Complete January 2021.
 - b. Bid approximately February 2021.
 - c. Construction Complete September 2021.

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5. **Professional Fees**. Landis Consulting will provide its professional services for electrical engineering on a Time & Material Not-to-Exceed Basis as follows:

a. <u>Electrical Fees</u>	
1. 50% Design	\$ 18,420
2. 90% Design	\$ 19,300
3. 100% Design	\$3,100
4. Bid Period	\$3,080
5. Construction Services	\$17,060
6. Post Construction Services	\$ 0
7. Structural Engineering Subconsultant	<u>\$ 3,840</u>

Total Electrical Fees: \$ 64,800

6. **Design Meetings and Visits**. This proposal includes a budget of four (4) design meetings in McMinnville, Oregon per phase. Additional meetings are assumed to consist of conference calls / Go-to-Meetings. Additional on-site meetings will be additional services. Site visits as follows:

- Initial site visit and meeting with City for field work, measurements.
- 50% design review with City and follow-up field work.
- One meeting with MWL.
- 90% design review with City.

7. **Construction Visits**. This proposal includes five (5) site visits during bid period & construction in McMinnville, OR for final completion inspections. Additional site visits will be additional services. Site visits as follows:

- One (1) site visit for pre-bid
- One (1) site visit for pre-construction with Contractor.
- One (1) site visit at wastewater treatment plant after conduit installation is complete (during shutdown).
- One (1) site visit at pump station after conduit installation is complete (during shutdown).
- One (1) site visit for final walk/punch list.

8. **Additional Services**. Additional Services or tasks may be provided at any time during the project as needed to meet project requirements. Landis Consulting will provide an Additional Service Request (ASR) describing the scope and compensation for added tasks and any schedule adjustments which may be required. Additional Services will

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commence only upon written approval of the ASR which will act as a Notice to Proceed for the ASR.

9. **Design Agreement.** It is understood that a complete City of McMinnville Personal Services Contract will be executed between City of McMinnville and Landis Consulting. The Terms and Conditions in Appendix A of this proposal shall apply pending contract execution.

10. **Reimbursable Expenses.** Expenses will be billed at cost plus 10%. Reimbursable expenses may include printing of client or owner review sets, delivery charges, out-of-town travel and other expenses as identified in the latest version of the Standard AIA Agreement. We estimate the cost of Reimbursable Expenses at \$0 based on the currently understood scope.

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We look forward to working with you towards the successful completion of this project. Please call or email me with any questions concerning our scope of work or proposal or if I may provide any additional information.

Respectfully submitted,



Ben Perry, PE

President

Ben_Perry@landisconsulting.com

www.landisconsulting.com

Encls: Attachment B, Electrical Scope of Services
 Attachment C, Landis Consulting Electronic Document Requirements

If this Proposal and Terms of Agreement are acceptable, please indicate your acceptance and our authorization to proceed with this work by signing below and returning one executed original to me.

Client (Company Name) _____ City of McMinnville _____

Accepted by _____ Date _____

Print Name / Title _____

The Terms and Conditions included in Attachment A are part of this Proposal and Agreement, as well as the Scope of Services in Attachment B and the Electronic Document Requirements in Attachment C.

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ATTACHEMENT "B"

LANDIS CONSULTING ELECTRICAL SCOPE OF SERVICES

This attachment defines our proposed Electrical Engineering & Consulting Scope, Process and Deliverables. Refer to the fee proposal cover letter and other attachments for additional information.

ELECTRICAL CONSULTING SERVICES SCOPE

The following Scope is included in this Proposal:

Electrical

- Code review
- Electrical load calculations.
- Electrical service entrance equipment concept sizing and system design
- Electrical distribution equipment conceptual system design
- Coordination with the Mechanical, Civil, and Process Consultant for their power requirements
- Develop project specific technical specifications.

ELECTRICAL CONSULTING PROCESS AND DELIVERABLES

The above Scope will be addressed during each Design Phase and shall include deliverables as follows:

50% Design

- Review and confirmation of design development documentation and Owner's program, budget and schedule
- Field investigation of existing conditions
- Major equipment placement / coordination and preliminary circuiting
- Discuss acoustical issues associated with electrical equipment and generators
- Coordinate equipment housekeeping pad requirements with the Client
- Coordination of major electrical equipment and raceway locations and routing
- Design development meetings / site visits (as outlined in our cover letter)
- Value analysis / value engineering

90% Design

- Review and respond to 50% review comments
- Complete raceway block diagrams
- Complete scheduling
- Complete wiring diagrams

100% Design Documents

- Review and respond to 90% review comments
- Coordination of electrical systems with the other disciplines
- Issuance of project specific technical specifications
- Stamping of final documents by a Professional Engineer currently licensed in the State of Oregon
- Responses to reviewing agency comment as required

Bid Period

- Response to bidding contractor questions
- Preparation of addenda as necessary for distribution.

Construction Administration

- Review of product submittal data
- Response to requests for information (RFI's)
- Execution of construction change order directives relative to facilitation of the electrical installation
- Final inspections (as outlined in our cover letter)
- Authoring of punch list representing outstanding electrical construction items after completion of the Substantial Completion and Final inspections
- Commissioning issue resolution coordination, where issues are clearly related to design
- Record drawings based on Contractor "as-built" markups
- Operations and maintenance manual review

Post Construction

- Not Included

ELECTRICAL CONSULTING ASSUMPTIONS, OPTIONAL SERVICES AND EXCLUSIONS

Assumptions

Unless otherwise in this proposal, Landis Consulting has assumed the following:

- Project will be designed as a single document package
- Meetings where attendance by Landis Consulting personnel is required will be in McMinnville, Oregon.
- 2-D AutoCAD backgrounds will be provided by the Prime Consultant to Landis Consulting for use on this Project in AutoCAD format
- Specifications will be produced in book form using CSI's 40 Division / ODOT / APWA format

- This Project is not pursuing LEED® certification or any other sustainability-related goal that impacts the design

Optional Services

Additional services may be provided for additional fee and may include, but not limited to the following items:

- Energy Trust of Oregon application and data submission or any other energy incentive research and recommendations
- Life cycle cost analysis
- SEED analysis and documentation
- 3-D CAD systems clash detection with Navisworks®
- LEED® consulting
- LEED® documentation
- Coordination with multiple equipment manufacturers for the same item
- Owner training
- Arc flash analysis and coordination study
- LiDAR 3D building scanning
- One-year warranty walk-through on site
- Pre-Bid meetings / site visits unless specifically outlined in our cover letter
- Pre-Con meetings / site visits unless specifically outlined in our cover letter

Exclusions

Any Electrical Engineering Scope, Process and Deliverables not mentioned in this attachment shall be Additional Services and may be pursuant to Attachment A; Proposal Terms and Conditions.

HOURLY RATES OF PROFESSIONAL SERVICES

Landis Consulting’s hourly billing rates are:

Principal.....	\$ 165 / hour
Senior Project Manager.....	\$ 135 / hour
Senior Engineer.....	\$ 135 / hour
Engineer.....	\$ 115 / hour
Designer.....	\$ 105 / hour
CAD Operator.....	\$ 85 / hour
Clerical.....	\$ 65 / hour
Mileage.....	2020 IRS Std. Mileage Rate

END ATTACHMENT B; LANDIS CONSULTING ELECTRICAL SCOPE OF SERVICES

Landis Consulting

ENGINEERING SERVICES

ATTACHEMENT "C"

LANDIS CONSULTING ELECTRONIC DOCUMENT REQUIREMENTS

This proposal is based upon producing and receiving electronic drawing files for the project in the latest version of AutoCAD. It is also based upon the following assumptions:

- Landis Consulting will be provided with Civil backgrounds by the City and necessary background information by the other design team members
- Backgrounds are to be provided with visibility of architectural annotation layers and / or elements controllable separate from the background elements
- Background updates shall be three updates per design phase milestone
- Uploads of Landis Consulting' drawing files shall be three uploads per design phase milestone
- Landis Consulting may provide the construction contractor(s) with drawing files to support their completion of as-built documents
- Drawings shall be electronically stamped and signed if allowed by the authority having jurisdiction

While the following services may be provided, they are not included in this proposal:

- Changing versions of AutoCAD during the project
- Using non-Landis Consulting Standards including, but not limited to, fonts, symbols or layering
- Converting drawings during or at the end of the Project to a different version, format or standard

If the electronic document and drawing requirements of this Project differ from the above assumptions and understandings, Landis Consulting can update their Scope of Work and fees to match the requirements.

END OF ATTACHMENT C; ELECTRONIC DOCUMENT REQUIREMENTS

RESOLUTION NO. 2020 -60

A Resolution authorizing the City Manager to enter into a Personal Services Contract with Landis Consulting Engineering Services, Inc. in the amount “not to exceed” \$64,800 for engineering design and construction support services for the WRF and RSPS Emergency Stand-by Generator Installation, Project No. 2020-2.

RECITALS:

Electricity for the City’s Water Reclamation Facility (WRF) and Raw Sewage Pump Station (RSPS) is supplied by McMinnville Water & Light and has redundancy in the event of a localized power outage. To supply immediate and automatic temporary electricity to these critical facilities during a wide spread regional power outage, the City’s Water Reclamation Facilities Plan recommends the installation of emergency stand-by generators at each facility.

At its June 9, 2020 meeting, City Council adopted resolution 2020-33 approving the purchase of the emergency stand-by generator equipment for the WRF and RSPS. The scope of work included in this Personal Service Contract consists of the electrical engineering design and specialized bid document content necessary to assist the City with producing complete engineered construction plans and bid documents, as well as providing construction support services during the installation of these generators.

Funding for the Project is included in the adapted FY21 Wastewater Capitol Fund (77).

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, OREGON, as follows:

1. That entry into a Personal Services Contract with Landis Consulting Engineering Services, Inc. in the amount “not to exceed” \$64,800 for engineering design and construction support services for the WRF and RSPS Emergency Stand-by Generator Installation, Project No. 2020-2 is hereby approved.
2. The City Manager is hereby authorized and directed to execute the Personal Services Contract with Landis Consulting Engineering Services, Inc.
3. That this resolution shall take effect immediately upon passage and shall continue in full force and effect until revoked or replaced.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 13th day of October 2020 by the following votes:

Ayes: _____

Nays: _____

Abstain: _____

Approved this 13TH day of October 2020.

MAYOR

Approved as to form:

Attest:

City Attorney

City Recorder



City of McMinnville
Finance Department
 230 NE Second Street
 McMinnville, OR 97128
 (503) 434-2350
www.mcminnvilleoregon.gov

Staff Report

DATE: October 13, 2020
TO: Mayor and City Councilors
FROM: Jennifer Cuellar, Finance Director
SUBJECT: City’s Reserve and Fund Balance Policy

STRATEGIC PRIORITY & GOAL:



CITY GOVERNMENT CAPACITY

Strengthen the City’s ability to prioritize & deliver municipal services with discipline and focus.

Report in Brief:

The City Council met on September 16, 2020, at a work session to discuss the draft Reserve and Fund Balance Policy. Council requested financial analysis comparing the difference between reserve amounts set at two and three months of operating expenses¹. This analysis is anticipated to allow the Council to choose between these levels for the general fund’s - and a select number of other funds’ - reserve target.

Background:

The work session memo² is included as an attachment. It describes the background behind the formulation of the proposed Reserve and Fund Balance Policy. In its Discussion section, details about many elements of the draft Policy are enumerated.

This Staff Report highlights other elements of the Reserve and Fund Balance Policy as well as discusses the differences in two and three month operating reserve options.

The draft Reserve and Fund Balance Policy³ is the final attachment to the Staff Report.

Discussion:

Budget model data - overview

The financial analysis presented is based on a simple model applied to City of McMinnville budget data that focuses on two variables: the (1) change in operating costs (personnel and materials and services budget categories) that would be required to hit the (2) two vs three month reserve levels for the budget year. For purposes of the Reserve and Fund Balance Policy discussion, the differentials between two and three months and the impact over time of these options on operating budget levels is the critical data under review.

When preparing the annual budget, modeling scenarios and exploring options is more complicated and includes revenue side as well as non-operating outlay options. The City has a history of under-estimating beginning balances because of conservative budgeting practices. Moving to a tighter budgeting methodology will have implications for mitigating the cost-side focus of meeting reserve targets during the actual budget process. In addition, as a practical matter, expense side reductions can have revenue implications, spurring the need for

even more reductions to reach the reserve target. If the mix of operational cuts emphasizes programs with revenue generating operations, further cost side reductions necessarily follow.

Budget model data - findings

If the City had budgeted for a two month operating reserve in FY2019-20, \$1.98 million in budget reductions would have resulted to meet the target. Reaching a three month reserve target increases the budget reduction by another \$1.85 million in that year.

FY2020-21 provides an example of the impact of conservatism in budgeting. The appropriated FY20-21 budget would have required over \$2.5 million in budget reductions to have met the two month reserve target. Now that the FY2020 year data is becoming clearer, a higher actual beginning balance is shaping up and a budget reduction of approximately half that number would be required to meet a two month operating reserve in FY2020-21.

Nevertheless, this simple model shows that a meaningful impact on city service delivery will be felt as the process of budgeting to turn around the reserve level trends for the City.

The policy calls for reaching the reserve target in the general fund over a three to five year period. Even under a gradual implementation, making positive incremental progress on reserve and beginning fund balance trends will require managing budget gaps throughout each of those years, suggesting that difficult decisions regarding funding allocation choices for general fund programming are on the horizon.

Reserve and Fund Balance Policy and financial planning

Included in the purpose of the draft Policy is establishing practices which “consider long-term financial planning needs, including retirement system rate increases.” To this end, the policy calls out a process for adding specific purpose committed or assigned fund balance categories to general fund’s reserves and the flexibility to define whether or not these specialty fund balance categories are included within the two (or three) month reserve target or in addition to it. The specific policy language discusses the ability to

...set aside excess reserves or one time funds for special initiatives such as creation of a capital replacement fund, rainy day fund, retirement rate stabilization fund, etc. New fund balance categories will be calculated in the reserve according to the methodology defined when established; presented in budget section(s) that discuss fund balance purpose, levels and trends; and programmed for expenditure in the manner defined at the reserve fund’s inception.

In the near term, unanticipated unrestricted funds will most likely be discussed in the context of “saving” them to make progress in rebuilding the City’s reserve or, potentially, for “spending” them to meet an urgent current need, such as one that might arise from the continued uncertainty of the pandemic. The policy is designed for the future so that “saving” unanticipated windfalls can also be targeted towards long-term financial planning goals such as funding a Capital Improvement Plan or future PERS rate increases, for example.

Long-term financial planning concerns are also included in the draft policy’s discussion of internal service funds, specifically the Information Services (IS) Fund. The draft policy directs that IS “incorporate a reserve target to include capital investments and begin to fund this reserve in the next five years (in or prior to the FY2025-26 budget cycle).” Making incremental steps toward funding technology investments in a more sustainable way will enhance the City’s ability to efficiently and effectively deliver services to the public.

Reserve and Fund Balance Policy conclusions

Staff believes that the two-month operating reserve target is the more prudent option for the City of McMinnville’s draft Reserve and Fund Balance Policy. The following key reasons underlie this recommendation:

- The City’s financial risk to business cycle fluctuations is largely mitigated given its current revenue structure and the low reliance on the most volatile categories of general fund resources that are found in city budgets nationwide – sales tax, income tax and charges for services – making the Government

Finance Officers Association (GFOA) minimum recommendation a reasonable one for our jurisdiction to follow (this topic was discussed extensively in the work session so is not repeated in detail here).

- To achieve three months operating reserve, the additional amount required approaches \$2 million which would mean significant service delivery reductions in order to reprogram funds away from current needs for future unknowns.
- The policy establishes a framework for adding new reserve categories as the City's financial metrics stabilize; future reserve levels may incorporate specialty reserves and ultimately exceed the base two month operating reserve standard.
- A two month operating reserve is a more realistic target to shoot for, particularly given the extended period of uncertainty the City, and the nation, is facing at this moment in time. The City's creditworthiness will be enhanced by making progress towards its stated goals and financial planning policies so a target which is both prudent and realistic adds value in this regard (this topic was also discussed during the work session so the details are not repeated here)

Attachments:

1. General Fund: Comparison of Two vs Three Months Reserve
2. Memo for Work Session on City's Reserve and Fund Balance Policy dated September 16, 2020
3. Resolution 2020-62 and Exhibit A - Reserve and Fund Balance Policy (note, "two" months is highlighted throughout as a variable the Council may want to change)

Fiscal Impact:

Establishing a more complete and updated Reserve and Fund Balance Policy will set standards allowing the City to reverse its negative fund balance trend, building back reserves over time. Having a plan and making progress on it will have a positive impact on the analysis of our credit worthiness and, ultimately, interest rate levels the jurisdiction is able to secure when it goes to the debt markets in the future.

Making the decision to build fund balance means that current expenditures over the next several years will be under pressure because municipal cost curves, driven largely by personnel annual percentage increases (wages, health insurance and retirement costs), typically exceed annual percentage increases in annual revenue sources (property taxes, charges for services, franchise fees, etc.). For the City of McMinnville, from FY13 through FY19, the year over year increase in personnel costs alone out-paced the annual increase in property tax every year.

To the extent that the City can move forward plans which will create reliable and adequate funding sources for critical public services that better balance the carrying cost and capital investments required to maintain those services, the concentration on cost-side solutions to building back the reserves will be mitigated.

Tools to assist in developing financial planning models which project reserve levels based on multiple scenarios exist that can sit on top of the City's current accounting system. Long term financial projections done for the budget process are built with excel spreadsheets though robust scenario analysis is limited, requiring considerable handwork to maintain. These kinds of tools can range in cost from \$10,000 to \$50,000 in annual carrying cost depending on the range of functionality, quality of graphic output, public facing reporting options and other factors.

Recommendation:

Staff recommends adopting the Reserve and Fund Balance Policy at the two month operating reserve level.

General Fund: Two vs Three Months Reserve

Reserve impact on operating budget in budget year in isolation, all other revenues and expenditure categories unchanged

Difference between two and three months reserve ranges from \$1.747 million to \$1.926 million



FY21 data incorporates updated FY21 beginning balance est based on FY20 ending fund bal est

General Fund: Two vs Three Months Reserve

Reserve impact on operating budget in any given year in isolation, all other revenues and expenditure categories unchanged

	FY18			FY19			FY20			FY21*			
	Months Operating		Difference	Months Operating		Difference	Months Operating		Difference	Months Operating		Difference	
	Two	Three		Two	Three		Two	Three		Two	Three		
General Fund (includes Ambulance)													
Revenue													
	Beginning Fund Balance	7,518,110	7,518,110		6,641,807	6,641,807		6,375,308	6,375,308		6,500,000	6,500,000	
A	Current Revenue	25,737,539	25,737,539		28,804,357	28,804,357		30,931,162	30,931,162		30,809,216	30,809,216	
	Total Revenue	33,255,649	33,255,649	0	35,446,164	35,446,164	0	37,306,470	37,306,470	0	37,309,216	37,309,216	
Expenditures													
B	Personal Services	19,784,579	19,784,579		21,601,892	21,601,892		23,420,294	23,420,294		23,742,706	23,742,706	
C	Materials and Services	5,312,412	5,312,412		5,951,815	5,951,815		6,372,649	6,372,649		6,419,460	6,419,460	
D	Operating Budget Reduction	0	(1,460,500)		(1,050,500)	(2,817,500)		(1,980,000)	(3,834,000)		(1,248,000)	(3,174,000)	
	Capital Outlay	291,491	291,491		679,600	679,600		635,606	635,606		923,151	923,151	
	Debt Service	570,418	570,418		675,172	675,172		724,321	724,321		735,626	735,626	
	Transfers Out	2,384,334	2,384,334		2,548,523	2,548,523		2,919,282	2,919,282		1,407,621	1,407,621	
E	Total Current Expenditures	28,343,234	26,882,734	(1,460,500)	30,406,502	28,639,502	(1,767,000)	32,092,152	30,238,152	(1,854,000)	31,980,564	30,054,564	(1,926,000)
Reserve Categories													
	Contingencies	1,200,000	1,200,000		1,200,000	1,200,000		1,200,000	1,200,000		1,900,000	1,900,000	
	LOSAP Ending Fund Balance	463,786	463,786		622,461	622,461		578,800	578,800		508,258	508,258	
	Facility/Vehicle Reserve	37,500	37,500		0	0		0	0		0	0	
	Unassigned Ending Fund Balance	3,211,129	4,671,629	1,460,500	3,217,201	4,984,201	1,767,000	3,435,518	5,289,518	1,854,000	2,920,394	4,846,394	1,926,000
	Total Reserves	4,912,415	6,372,915		5,039,662	6,806,662		5,214,318	7,068,318		5,328,652	7,254,652	
F	Reserves without LOSAP	4,448,629	5,909,129		4,417,201	6,184,201		4,635,518	6,489,518		4,820,394	6,746,394	
Impact of missing or exceeding reserve targets													
F/(B+C+D)	Reserve (w/o LOSAP)	17.73%	25.00%		16.67%	25.00%		16.67%	25.00%		16.67%	25.00%	
	\$1M unspent	21.71%	29.23%		20.44%	29.04%		20.26%	28.85%		20.13%	28.70%	
	\$1M overspent	17.33%	24.58%		16.29%	24.60%		16.31%	24.61%		16.33%	24.63%	

Tighter budgeting practices will reduce the likelihood of generating a significant unspent general fund budget buffer. In fact, it introduces the possibility that the City will end the year worse than budgeted and will need to rely on contingency dollars for unanticipated negative news.

*FY21 data is updated with FY20 prelim estimate of ending balance (= FY21 beginning bal)



City of McMinnville
Finance Department
230 NE Second Street
McMinnville, OR 97128
(503) 434-2350
www.mcminnvilleoregon.gov

Memo

DATE: September 16, 2020
TO: Mayor and City Councilors
FROM: Jennifer Cuellar, Finance Director
SUBJECT: Work Session - City's Reserve and Fund Balance Policy

STRATEGIC PRIORITY & GOAL:



CITY GOVERNMENT CAPACITY

Strengthen the City's ability to prioritize & deliver municipal services with discipline and focus.

Report in Brief:

The Audit Committee met three times in July and August to discuss the City's approach to reserves and fund balance. An overview of the draft Reserve and Fund Balance Policy and the issues discussed in the Audit Committee meetings on this subject are the topic of this work session. Feedback from this work session is sought to give guidance to staff on the Reserve Fund Balance Policy draft in order to bring a final version to Council for consideration and adoption at an upcoming public meeting.

Background:

On October 11, 2011, the McMinnville City Council passed Resolution 2011-30 Adopting a Fund Balance Policy¹ for the General Fund. The policy established 25% of annual expenditures as the minimum fund balance level in the General Fund.

For the last four budget cycles, the City has budgeted progressively fewer resources in the General Fund's ending fund balance category, choosing to prioritize current expenditures over sequestering funds in reserve categories (contingencies and ending fund balance classes). In actual terms, however, the City has consistently ended the year within the 25% ending fund balance parameters (through FY19 financials; FY20 financials are still in process). While actuals have remained above the ending fund balance standard, we do see over time a downward trend in annual actual ending fund balance levels.²

The Government Finance Officers Association (GFOA) recommendation³ for ending fund balance level is that the proportion of reserves compared to regular operating expenses be set in the context of the jurisdiction's particular characteristics, with a minimum of two months operating expenditures.

As of FY2010-11, the Governmental Accounting Standards Board (GASB) required a new classification structure of fund balances be reported in the governmental fund financial statements.⁴

The Audit Committee met three times (7/14/2020, 8/5/2020 and 8/26/2020) to review the City's budgeted and actual fund balance trends as well as best practices and literature regarding municipal reserve policies. In the first meeting, the City's Municipal Advisor, Duncan Brown from PFM, gave a presentation on the factors that affect creditworthiness and led an in depth discussion of reserve levels, financial trends and how they factor into

rating agency evaluations.⁵ The Committee discussed the elements desired in an updated Reserve and Fund Balance Policy and gave feedback on the draft policy presented in the third meeting.

Packets for each Audit Committee meeting and the PFM presentation are available on the City's website.

Discussion:

The Audit Committee discussed options and came to conclusions on the following areas of interest as they relate to reserve and fund balance standards. Staff has researched best practice, provided resources and analyzed the city's budgeting and actuals trends to support their deliberations.

Reserve and Fund Balance Policy's purpose

After Committee deliberation and review of best practice and a number of municipal reserve policy examples, the draft policy's purpose is defined as the desire to establish a standard for all city funds that promotes responsible financial management by adhering to best practices and maintaining adequate levels of fund balance to mitigate current and future risks while assuring the delivery of quality, meaningful services to the community. This policy is intended to make the city more resilient and well positioned to:

- Ensure present and future municipal service levels
- Withstand the next economic downturn or fiscal stress (natural disaster, other emergency, revenue or cash short fall)
- Promote equitable and stable rate, charge and fee structures
- Protect the City's creditworthiness and bond rating
- Provide flexibility to respond to unanticipated opportunities
- Consider long-term financial planning needs, including retirement system rate increases

Prudent reserve level for the General Fund

GFOA's recommended minimum of two month's operating expenditures is the reserve target set in the policy. Further, the policy outlines a three to five year time frame for building back to this standard. The factors leading to these proposed policy conditions include:

- Creditworthiness will be enhanced by having a realistic plan and making incremental progress toward the goal
- Near- and medium- term financial realities remain unclear given the impact of the slow motion public health emergency so committing to a faster move to the target might unduly disrupt the provision of services to the community
- Oregon municipalities, and McMinnville in particular, are uniquely sheltered from economic downturns due to a relatively low reliance on the most volatile categories of general fund resources (charges for services, sales tax or income tax)⁶

Define updated reserve calculation components

From a budgeting perspective, reserve will be calculated as 2/12ths of general fund operating (personnel plus materials and services categories) costs for the year. On a percentage basis, this is 16.67% of total annual operating. Two budget categories will be summed to represent the General Fund's reserve (contingency plus unassigned ending fund balance).

This change means the value of the volunteer firefighter's Length of Service Award Program (LOSAP) will no longer be included as a budgeted reserve category. When this money is excluded, the gap between budgeted reserves and the reserve target widens.

Should the City choose to add discrete committed or assigned fund balance categories for future expenditures, financial planning reasons or other savings purposes, a determination will be made at that time whether these will be included or excluded from the budgeted reserve calculation.

Communication on reserve levels

The primary methodology for communicating on reserve and fund balance levels will continue to be via the City's budget process.

The Audit Committee and City Manager requested that the policy also explicitly outline other criteria that should trigger discussions on the topic of reserves. The draft policy calls out examples such as a change in the City's credit rating, negative economic consequences of external events such as natural disasters or downturns in the economy and significant positive or negative variations of actual year end reserve as compared with budget.

An example of this kind of discussion is already scheduled to take place this year in December when we have a better sense of the impact of COVID-19, where the ending fund balance from FY2019-20 will land and an indication of near-term property tax receipt stability.

Reserve targets for all city funds

The draft policy sets reserve standards for all of its funds, not just the General Fund.

Depending on the characteristics and purposes of the City's various funds, different reserve target levels are appropriate. Discussion of the pertinent criteria in play for determining a prudent reserve level is included in the draft policy for each fund.

The draft policy also notes the technical accounting difference in how reserves are expressed for governmental funds, "fund balance," and its equivalent in enterprise funds, "working capital."

In addition, the scope of the policy clarified that the City's discretely presented component unit, McMinnville Water and Light, is not governed by this policy.

Budget practice

Staff will continue to propose departmental budgets that serve the prioritization of activities and service delivery based on MacTown 2032 Strategic Priorities and Council goal setting activities. A key input that will be incorporated into budgeting going forward will come from the upcoming core services analysis and prioritization work.

The City's focus on rebuilding a stronger reserve level means that annual budget planning will include a reserve floor sufficient to meet that year's reserve target level.

To minimize the impact on reducing dollars available for current service delivery budgets, the City will tighten up budgeting on staffing and annual carrying cost estimates, moving away from reliance on a historic trend of General Fund actuals coming in better than budgeted. Property tax trends and sensitivity analysis of year end reserve status will no longer exclusively present the historic assumption that the City's budgeted ending fund balance will come in under actual.

Another predictable result of these changes in practice will be the need for mid-year and year-end budget amendments across a broader spectrum of the City's operations than the Council has seen in the past. Tighter budget margins also create a higher vulnerability to budget law violations.

Compliance clean up

The draft policy adds components required by GASB pronouncement number 54 on fund balance reporting. The City had added the reporting categories to its accounting system and implemented the standards in its financial statements. By adding the explicit language regarding unrestricted fund balance categories and the hierarchy of use of balances for qualifying expenditures, the City is more transparently adhering to generally accepted accounting principles (GAAP) for municipal entities.

The draft Reserve and Fund Balance Policy⁷ is the final attachment included in the work session documents for this topic.

Attachments:

1. Resolution 2011-30 Adopting a Fund Balance Policy for the General Fund
2. Budgeted and Actual Fund Balance Trend Data
3. GFOA Fund Balance Guidelines for the General Fund
4. GASB 54 Fund Balance Summary
5. PFM Presentation 7/14/2020
6. Revenue and Risk with Trend Data
7. Draft Reserve and Fund Balance Policy

Fiscal Impact:

Establishing a more complete and updated Reserve and Fund Balance Policy will set standards allowing the City to reverse its negative fund balance trend, building back reserves over time. Having a plan and making progress on it will have a positive impact on the analysis of our credit worthiness and, ultimately, interest rate levels the jurisdiction is able to secure when it goes to the debt markets in the future.

Making the decision to build fund balance means that current expenditures over the next several years will likely be under pressure because municipal cost curves, driven largely by personnel annual percentage increases (wages, health insurance and retirement costs), typically exceed annual percentage increases in annual revenue sources (property taxes, charges for services, franchise fees, etc.). For the City of McMinnville, from FY13 through FY19, the year over year increase in personnel costs alone out-paced the annual increase in property tax every year.

To the extent that the City can move forward plans which will create reliable and adequate funding sources for critical public services that better balance the carrying cost and capital investments required to maintain those services, the concentration on cost-side solutions to building back the reserves will be mitigated.

Tools to assist in developing financial planning models which project reserve levels based on multiple scenarios exist that can sit on top of the City's current accounting system. Long term financial projections done for the budget process are built with excel spreadsheets though robust scenario analysis is limited, requiring considerable handwork to maintain. These kinds of tools can range in cost from \$10,000 to \$50,000 in annual carrying cost depending on the range of functionality, quality of graphic output, public facing reporting options and other factors.

Recommendation:

Work session discussions do not result in specific action for the meeting.

RESOLUTION NO. 2020-62

A Resolution Adopting a Reserve and Fund Balance Policy

RECITALS:

Whereas, the City of McMinnville’s Audit Committee met three times during the summer of 2020 to discuss the City’s approach to reserves and fund balance and review a draft Reserve and Fund Balance Policy; and

Whereas, the City of McMinnville’s City Council discussed the draft policy and wishes to consider a resolution adopting a Reserve and Fund Balance Policy; and

Whereas, this policy will supersede the existing Fund Balance Policy for the General Fund, Resolution 2011-30

NOW, THEREFORE, THE COMMON COUNCIL FOR THE CITY OF MCMINNVILLE ORDAINS AS FOLLOWS:

1. That the attached Exhibit A - Reserve and Fund Balance Policy is hereby adopted.
2. That this Resolution shall take effect immediately upon passage and shall continue in full force and effect until revoked or replaced.

Adopted by the City Council of the City of McMinnville at a regular meeting held the 13th day of October 2020 by the following votes:

Ayes: _____

Nays: _____

Abstain: _____

Approved this 13th day of October 2020.

MAYOR

Attest:

Approved as to form:

CITY RECORDER

CITY ATTORNEY

EXHIBIT:

- A. Reserve and Fund Balance Policy

Exhibit A to Resolution 2020-62

Reserve and Fund Balance Policy

Policy Adoption Date: _____ Last Revision: _____

Principle

Align our fiscal policies and practices to MacTown 2032's strategic priority of *City Government Capacity* to strengthen the City's ability to prioritize and deliver municipal services with discipline and focus.

Purpose

The City of McMinnville desires to establish a Reserve and Fund Balance Policy for all city funds that promotes responsible financial management by adhering to best practices and maintaining adequate levels of fund balance to mitigate current and future risks while assuring the delivery of quality, meaningful services to the community. This policy is intended to make the city more resilient and well positioned to:

- Ensure present and future municipal service levels
- Withstand the next economic downturn or fiscal stress (natural disaster, other emergency, revenue or cash short fall)
- Promote equitable and stable rate, charge and fee structures
- Protect the City's creditworthiness and bond rating
- Provide flexibility to respond to unanticipated opportunities
- Consider long-term financial planning needs, including retirement system rate increases

Scope

This policy outlines reserve and fund balance targets for all City funds. It recognizes the unique needs and characteristics of each fund and includes summary information by fund type along with information regarding each individual fund.

The policy does not address the reserve and fund balance targets for the related financial entity of McMinnville Water and Light as it is managed by a separate governing body.

Policy Guidance

The Government Finance Officers Association (GFOA), founded over 100 years ago, is the premier organization providing guidance and best practices in various areas of public finance to municipal governments. Its published Best Practices are approved by the GFOA executive board and identify policies and procedures that contribute to improved government management.

The GFOA's Fund Balance Guidelines for the General Fund recommends that jurisdictions:

- Maintain a minimum of two months of regular general fund operating revenues or general fund operating expenses
- Take into consideration the government's own unique circumstances and risk exposures

- Evaluate commitments and assignments and focus on unassigned fund balance rather than unrestricted fund balance
- Define use and replenishment of fund balance

The Governmental Accounting Standards Board (GASB) is the source of Generally Accepted Accounting Principles (GAAP) used by state and local governments in the US. The GASB issues pronouncements designed to provide tax payers, legislators, municipal bond analysts and others useful information for decision-making. GASB’s major guidance related to fund balance is found in Statement No. 54, which defines five classifications of fund balance, summarized in the table below:

**Governmental Accounting Standards Board
Statement No. 54 Fund Balance Classifications**

		Classification	Definition	Degree of Spendability
Restricted Fund Balance	{	Nonspendable	Resources that are not in a spendable form (inventories, prepaid items, or items required to be maintained intact).	Nonspendable
		Restricted	Resources constrained to specific purposes by external providers (creditors, grantors, contributors, and other levels of government) through laws and regulations.	
Unrestricted Fund Balance	{	Committed	Resources constrained by limitations the City imposes upon itself at its highest level of decision-making authority (City Council); limitations remain binding unless removed in the same manner.	
		Assigned	Resources a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.	
		Unassigned	Resources available for any purpose; these resources are reported only in the General Fund.	Spendable

This policy focuses on the unrestricted fund balance categories as the City has direct control over these balances.

Policy

Fund balance targets and related policy considerations are described for each of the City’s funds based on the specific characteristics and purposes of those governmental and proprietary funds in the sections that follow.

Fund Balance is defined as the difference between assets and liabilities in a governmental fund (General Fund, Special Revenue Funds, Debts Service Funds, and Capital Project Funds).

Working capital is defined as the difference between current assets and current liabilities for non-governmental funds (Proprietary Funds that include Enterprise Funds and Internal Service Funds).

This policy formally adopts the GASB 54 hierarchy of fund balance classifications that the City has been utilizing, as required, in its annual financial statements.

- Committed fund balance is established, modified or rescinded by the City Council upon adoption of the annual budget or by resolution during a public meeting at any time in the year
- Assigned fund balance may be consigned for a specific purpose by the City Manager or his/her designee at any time during the year; budgeted assigned fund balance is included in City Council's annual budget adoption
- The City considers restricted balances to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available
- The City considers committed spent first, assigned spent next and unassigned fund balance spent last when an expenditure is incurred for purposes that may be used in more than one of these unrestricted fund balance classifications

General Fund

The General Fund has an unassigned fund balance target of **two** months operating expense. In the budget, this amount is calculated as **2**/12ths of general fund categories (1) personnel and (2) materials and services annual budgets. The reserve will be budgeted in the general fund's contingency and unassigned ending fund balance categories.

The City of McMinnville seeks to fund this reserve target over the next three to five years (in or prior to the FY2025-26 budget cycle).

In any year that the unassigned fund balance target is not met, the circumstances and financial implications of the target shortfall will be discussed and approved by Council during the annual budget process. Once the City has achieved the targeted reserve level described above, any subsequent budget year that projects a shortfall in the general fund's combined contingency and unassigned reserve balance standard must include a plan for rebuilding the reserve within one to three years of use.

Circumstances that impact reserve levels may arise at times that do not coincide nicely with the budget planning cycle which merit discussion with the executive team and governing body as well as taking mid-year adjusting actions. Examples of conditions which will trigger such action include changes to the city's credit rating, external situations which negatively impact significant revenue streams or drive extraordinary costs (natural disasters, economic downturns) and year-end reserve actuals with a significant positive or negative variation from budget estimates.

In addition to unassigned fund balance and budgeted contingency, the City's reserve calculation may include or exclude other specific committed and/or assigned fund balances. At the time of the drafting of this policy, the General Fund's only assigned fund balance is for the volunteer firefighter's Length of Service Award Program. These funds will no longer be included in the city's budgeted reserve calculation or actual ending fund reserve analysis.

Discrete committed or assigned fund balance categories may be added to the city's financial planning model and included in budgeted and actual reserve calculations. Typically these specially designated unrestricted fund balance categories are for purposes to set aside excess reserves or one time funds for special initiatives such as creation of a capital replacement fund,

rainy day fund, retirement rate stabilization fund, etc. New fund balance categories will be calculated in the reserve according to the methodology defined when established; presented in budget section(s) that discuss fund balance purpose, levels and trends; and programmed for expenditure in the manner defined at the reserve fund's inception.

Special Revenue Funds – no reserve requirement

A handful of City Funds are grants based or exist to provide transparency on particular revenue streams that are fully expended over a given time period. In these cases, reserves are not appropriate to expect or budget.

- 05 Special Assessment Fund
- 07 Transient Lodging Tax Fund
- 10 Telecommunication Fund

Special Revenue Funds – two month operating reserve requirement

Some special revenue funds are on-going concerns with staffing and other monthly and seasonal operations costs. In these cases, the standard to target a two months operating cost reserve budgeted in contingency and ending fund balance budget categories is merited.

- 20 Street Fund
- 70 Building Fund

Special Revenue Funds – variable reserve requirement

Other special revenue funds base reserve requirements on the functional and capital planning needs associated with its activities. Frequently these funds will have restricted funding sources that are associated with particular projects or activities. These funds may have a variable committed or assigned reserve level that is optimal for its circumstances over time so a specific reserve target cannot realistically be set by policy.

The City's debt service fund includes bonded debt that is funded with property tax but has debt service payments scheduled prior to the annual property tax cycle. These reserve commitments will vary according to the various payment schedules associated with the debt obligations.

These funds will calculate and discuss reserve needs as a part of the annual budget process. Reserve levels will be approved by the Council in its annual budget appropriation.

- 15 Emergency Communication Fund
- 25 Airport Maintenance Fund
- 45 Transportation Fund
- 50 Park Development Fund
- 60 Debt Service

Enterprise Fund

Wastewater Services' operating fund is designed to manage the on-going utility operation and, as such, includes staffing and materials and services costs. Its working capital needs will mirror the general fund's fund balance target of a two month minimum operating expense level to set aside in contingency and ending fund balance categories each year. Its integrated Wastewater

Capital Fund has strategically built up funds to address capital replacement needs and large capital infrastructure investments planned to keep the district

- 74 Wastewater Services Fund
- 77 Wastewater Capital Fund

A Storm Water Utility will be required as a result of changing federal and state regulatory guidelines to meet long-term environmental and risk mitigation objectives. Its budgeted and actual reserve calculations and levels will be consistent with Wastewater Services' standards to assure on-going operations as well as meet capital planning needs for this new critical infrastructure resource.

Internal Service Funds

The two internal service funds have characteristics that make a prudent working capital level for these two funds significantly distinct from each other.

- 80 Information Services Fund
- 85 Insurance Services Fund

The Information Services fund does have staffing and operating costs but in its case maintaining a **two** month operating reserve is not in the interest of the City because it would unnecessarily inflate the cost of services delivered to all the departments in the organization. Internal service funds such as this one seek to roughly offset annual costs with annual departmental contributions and maintain an inflation-based annual cost increment so that the cost levels are stable and predictable across the city. To this end, the Information Services fund will incorporate a reserve target to include capital investments and begin to fund this reserve in the next five years (in or prior to the FY2025-26 budget cycle).

Insurance Services reserves should be tied to our workers comp experience rate and combined deductible and out of pocket cost trends for the general liability cost. Insurance industry standards require 8% to 10% of annual revenue held in reserve. Using 10% of Insurance Services Fund costs as a guide, this internal service fund has been holding excess reserves at more than 10 times that minimum. In the budget cycles most proximate to this policy update (fiscal years 2018-19 through 2020-21) strategies to reduce excess reserves have been enacted including returning dollars to the funds that contribute annually for insurance services and paying for City positions that play risk mitigation roles serving the entire organization. For both internal service funds, distributions back to the departments that fund their operations may be made in the event either holds cash in excess of reserve needs. These distributions are based on proportions the departments pay in. Any distribution will be discussed as part of the annual budget process.

Internal Service Fund reserve levels and any annual distributions back will be approved by the Council in the annual budget appropriation.

Policy Review

On occasion, funds are added to the City's financial footprint to meet the needs of new projects, new debt issuances and new services. Specific minimum fund balance targets or reserve requirements may also change with time. The Reserve and Fund Balance policy will be revised periodically to remain current and relevant. An annual review of the status of fund balance levels will be included in annual budget documents. This review may spark proposals from staff or the Budget Committee for the Council to consider changes to the policy as needed.

ENTERED INTO THE RECORD
DATE RECEIVED: 10/13/2020
SUBMITTED BY: Mark Davis
SUBJECT: 4b

From: [Mark Davis](#)
To: [Claudia Cisneros](#)
Subject: City Council comment
Date: Tuesday, October 13, 2020 11:14:26 AM

This message originated outside of the City of McMinnville.

Claudia,

In lieu of speaking this evening I would like to ask you to forward the following comment to the Mayor and Council regarding Agenda item 4b (Reserve and Fund Balance Policy):

I support adoption of the proposed Reserve and Fund Balance Policy included in Resolution 2020-62. I listened to the Audit Committee discussions on Zoom and believe they did a good job considering the options and coming up with the proposal before you this evening. The two months' operating expenses standard for the general fund is justified and the plan to get back into compliance with that standard within the next three to five years is reasonable. It is commendable that the policy includes standards for other City funds.

I also support the concept of "tighter budgeting methodology" that reduces the reliance on carryovers to meet reserve policy requirements. I believe this will give everyone in the budget process a more realistic view of what revenues and expenditures will be instead of looking at them and trying to mentally adjust them for the fact we need to generate a million dollars in carryovers for the reserves.

Related to that I believe I heard the City Manager say during the Audit Committee discussions that such a methodology change would make regular financial statements more important. Quite frankly, I have been surprised that the Council does not get financial statements in their packets like so many other government entities do. I am certain that department heads are looking carefully at their financial performance throughout the year. The Council doesn't need that level of financial detail, but some high-level financial summary of budget versus actual at least quarterly seems reasonable.

The Finance Director did an excellent job gathering data and options for the Audit Committee to consider. That committee carefully weighed those options and came up with this policy. I urge you to adopt it.

Mark Davis

652 SE Washington St, McMinnville



City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311
www.mcminnvilleoregon.gov

STAFF REPORT

DATE: October 13, 2020
TO: Mayor and City Councilors
FROM: Chuck Darnell, Senior Planner
SUBJECT: Resolution No. 2020 – 63, “Appointing Hadleigh Heller, Youth Liaison, to the Historic Landmarks Committee”

STRATEGIC PRIORITY & GOAL:



ENGAGEMENT & INCLUSION

Create a culture of acceptance & mutual respect that acknowledges differences & strives for equity.

OBJECTIVE/S: Grow City's employees and Boards and Commissions to reflect our community

Report in Brief:

This is the consideration of Resolution No. 2020-63, appointing Hadleigh Heller as a youth liaison Historic Landmarks Committee.

Background:

The City of McMinnville has many boards, committees and commissions that support the City's work on a volunteer basis. In 2017, the City Council amended the McMinnville Comprehensive Plan, Citizen Involvement, to add a policy encouraging youth liaisons on the City committees, boards and commissions.

194.00 The City of McMinnville shall strive to include youth members on City committees involved in land use planning, and work with the McMinnville School District, local private schools and service groups to encourage youth involvement in land use planning activities.

Discussion:

City staff has partnered with the McMinnville School District to promote the opportunity to interested students. As such, the City received an application for the Historic Landmarks Committee from Hadleigh Heller, a junior at McMinnville High School. Mayor Scott Hill and Chuck Darnell, Senior Planner, and lead staff for the Historic Landmarks Committee interviewed Hadleigh Heller on Thursday, October 1, 2020.

Hadleigh Heller described her interest in preserving historic buildings in McMinnville as a means of protecting the community's character.

Resolution No. 2020-63 proposes the following appointments:

HISTORIC LANDMARKS COMMITTEE
(2-year term)

Hadleigh Heller

Expires October 13, 2022

Fiscal Impact:

There is no anticipated fiscal impact to the City of McMinnville with this decision.

Attachments:

- Resolution No. 2020 – 63
- Hadleigh Heller Youth Liaison Application

Recommendation/Suggested Motion:

“I MOVE TO APPROVE RESOLUTION NO. 2020 – 63 APPOINTING HADLEIGH HELLER TO THE HISTORIC LANDMARKS COMMITTEE AS A YOUTH LIAISON FOR A TERM OF TWO YEARS.”

RESOLUTION NO. 2020 - 63

A Resolution appointing Hadleigh Heller as a youth liaison to the McMinnville Historic Landmarks Committee.

RECITALS:

Whereas, The City of McMinnville has several Boards, Committees, Commissions, and Task Forces made up of volunteers; and

Whereas, The City Council is responsible for making appointments and re-appointments; and

Whereas, In an effort to engage youth representatives in the dialogue and work of the City of McMinnville, the McMinnville City Code authorizes the appointment of one youth liaison to many of the different city committees and commissions, including the McMinnville Historic Landmarks Committee.

NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, OREGON as follows:

1. The City Council appoints the following Youth Liaisons to the various Boards, Commissions, and Committees as detailed below.

HISTORIC LANDMARKS COMMITTEE
(2-year term)

Hadleigh Heller

Expires October 13, 2022

2. This Resolution and these appointments will take effect immediately upon adoption of this Resolution.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 13th day of October, 2020 by the following votes:

Ayes: _____

Nays: _____

Abstain: _____

Approved this 13TH day of October 2020.

MAYOR

Approved as to form:

Attest:

City Attorney

City Recorder



City of McMinnville
Planning Department
 231 NE Fifth Street
 McMinnville, OR 97128
 (503) 434-7311

www.mcminnvilleoregon.gov

STUDENT APPLICATION FOR CITY OF McMINNVILLE BOARD OR COMMISSION

Thank you for your interest in serving on a City of McMinnville committee or commission. This is an excellent way to serve your community and learn more about local government. We are excited to have a youth representative on our committees helping to inform our work and build a better community for our city's future. So often the youth voice is not represented in city government and planning and we would like to change that. You will be an appointed member of the committee and will have a voice at the table, attending meetings, participating in dialogue and informing the decision. Please fill out the application below to tell us more about yourself and return to the McMinnville Planning Department. Description of committees is attached.

Name: Hadleigh Heller Home Phone: [REDACTED]
 Address: [REDACTED] Cell Phone: [REDACTED]
 Email: [REDACTED]

Board, Commission or Committee for which you are an applicant:

<input type="checkbox"/> Affordable Housing Task Force	<input type="checkbox"/> McMinnville Urban Renewal Advisory Committee (MURAC)
<input checked="" type="checkbox"/> Historic Landmark Committee	<input type="checkbox"/> Economic Vitality Leadership Council
<input type="checkbox"/> Landscape Review Committee	<input type="checkbox"/> Planning Commission

School you attend: MHS Grade: 11

**Ward in which you reside (if applicable): 2

Tell us about yourself: I'm a junior in high school and interested in getting more involved in my community. I moved here 4 years ago and am really happy with the environment in McMinnville.

Why are you interested in serving? I grew up visiting historic places and have come to appreciate the role of historic buildings in communities. I would like to learn more about government and help to preserve historic landmarks in McMinnville.

Date 9-23-2020 Signed Hadleigh Heller

Please return to City Hall, 230 NE Second Street, McMinnville, OR 97128



City of McMinnville
230 NE 2nd St
McMinnville, OR 97128
www.mcminnvilleoregon.gov

STAFF REPORT

DATE: October 6, 2020
TO: Mayor and City Councilors
FROM: Kylie Bayer, Human Resources Manager
SUBJECT: Ordinance No. 5097 Establishing a Diversity, Equity, and Inclusion Committee

STRATEGIC PRIORITY & GOAL:



ENGAGEMENT & INCLUSION

Create a culture of acceptance & mutual respect that acknowledges differences & strives for equity.

OBJECTIVE/S: Grow City's employees and Boards and Commissions to reflect our community

Report in Brief:

This is the consideration of Ordinance No 5097, an Ordinance Adopting a New McMinnville Code Chapter 2.35, Establishing a Diversity, Equity, and Inclusion Committee.

Background:

On September 16, 2020 the City Council received the latest update on the City of McMinnville's progress on diversity, equity, and inclusion (DEI) initiatives identifying the DEI Advisory as a key priority.

The attached Ordinance outlines the purpose, responsibilities and power, membership requirements, and meeting structure. Much like other advisory committees, the DEI Advisory Committee will be consist of an odd number of members on a rotating basis. If Ordinance 5097 is approved, the City will begin recruiting candidates to fill the seven member committee through an application (online and on paper) and vetting process that will include an interview. The City Council will appoint committee members by resolution at the conclusion of the recruitment period.

The DEI Advisory Committee will first refine the City's draft DEI plan and ensure alignment with MacTown2032. Additional priorities will fall under section 2.35.010 of Ordinance 5097 and will be determined as the DEI Advisory Committee assesses the DEI needs of the community.

Attachments:

Ordinance No. 5097

Fiscal Impact:

There is no anticipated fiscal impact to the City of McMinnville with this decision.

Recommendation:

It is recommended that the Council move to approve Ordinance No. 5097 establishing the Diversity, Equity, and Inclusion Committee.

ORDINANCE NO. 5097

An Ordinance Adopting a New McMinnville Municipal Code Chapter 2.35, Establishing a Diversity, Equity, and Inclusion Committee.

RECITALS:

Whereas, the City of McMinnville adopted the Mac-Town2032 Strategic Plan (“Strategic Plan”) on January 8, 2019 via Resolution No. 2019-06; and

Whereas, one of the Goals of the Strategic Plan is to “create a culture of acceptance and mutual respect that acknowledges differences and strives for equity;” and

Whereas, one of the action items listed in the Strategic Plan to achieve the above-recited Goal is to create a diversity, equity, and inclusion advisory committee; and

Whereas, the City of McMinnville wishes to create a standing diversity, equity, and inclusion committee that will advise the Common Council for the City of McMinnville on policy decisions through a diversity, equity, and inclusion lens, among other purposes and duties.

NOW, THEREFORE, THE COMMON COUNCIL FOR THE CITY OF MCMINNVILLE ORDAINS AS FOLLOWS:

1. The Common Council for City of McMinnville adopts the above-stated recitals and findings as if fully set forth herein.
2. A new Chapter 2.35 of Title 2 of the McMinnville Municipal Code is hereby adopted to read as set forth on Exhibit A attached hereto and incorporated herein.
3. The City Recorder shall conform these amendments to the City’s Municipal Code format and correct any scrivener’s errors.
4. This Ordinance shall be in full force and effect thirty (30) days from the date of final passage and approval.

Adopted Council this 13th day of October, 2020, by the following votes:

Ayes: _____

Nays: _____

Abstain: _____

MAYOR

Attest:

Approved as to form:

City Recorder

City Attorney

EXHIBIT:

- A. Chapter 2.35 Diversity, Equity, and Inclusion Committee

Exhibit A to Ordinance No. 5097

“Chapter 2.35 Diversity, Equity, and Inclusion Committee

2.35.010 Purpose. To create a culture of acceptance and mutual respect that acknowledges differences and strives for equity by:

- A. Advising the Council on policy decisions related to diversity, equity, and inclusion;
- B. Making recommendations to the Council on public engagement strategies and methods by which McMinnville residents can better participate in the decision-making process;
- C. Advising the City on culturally responsive service delivery, programming, and communication strategies;
- D. Updating and overseeing progress on the City’s Diversity, Equity and Inclusion Plan;
- E. Overseeing progress on applicable goals and objectives in the 2019 Mac-Town 2032 Strategic Plan; and
- F. Identifying local leaders and building leadership capacity in McMinnville’s communities of color.

2.35.020 Responsibilities and Power.

- A. Serve as an advisory body to the Council for matters concerning City diversity, equity, and inclusion policies and general City policies through a diversity, equity, and inclusion lens.
- B. Evaluate City policies and make recommendations to the Council regarding public engagement strategies to ensure all interested persons have an avenue to participate in the Council’s decision-making process.
- C. Supervise the implementation of the Goals and Objectives in the 2019 Mac-Town 2032 Strategic Plan related to diversity, equity, and inclusion and advise the Council on implementation of other Goals and Objectives in the 2019 Mac-Town 2032 Strategic Plan through a diversity, equity, and inclusion lens.
- D. Perform such other duties relating to issues of racism, sexism, or ableism as the McMinnville city council or city manager may request.
- E. Have the authority to coordinate its activities with other city, county, state or federal agencies.
- F. All members who are present at Board meetings, including the Chair and Vice Chair, are allotted one vote each on all motions.

2.35.030 Membership.

- A. *Number of Members.* The Diversity, Equity, and Inclusion Committee shall be composed of seven members.

B. *Residency.* Members must reside, own a business, or attend school within the City of McMinnville city limits. A majority of members shall reside within the city limits. The Council can appoint a member to the Diversity, Equity, and Inclusion Committee who does not meet any of these residency criteria if it is determined that the member brings significant value to the purpose of the Committee.

C. *Representation.* Individual seats are not geographically designated. Council members, planning commissioners, and water and light commissioners shall not serve as Diversity, Equity, and Inclusion Committee members.

D. *Appointments.* The Council will appoint the committee members. The City strives for members of the Diversity, Equity, and Inclusion Committee to bring their lived experiences as Black, Indigenous, and People of Color (BIPOC); lesbian, gay, bisexual, trans, queer/questioning, intersexed, asexual, and all other sexualities, sexes, and gendered/non-gendered (LGBTQIA+) people, and/or people experiencing disabilities, as well as the ability to think broadly in terms of how issues of racism, sexism, ableism, and other discriminatory and prejudicial biases impact all residents in McMinnville..

E. *Terms.* All terms are for four years commencing with January of each year. All members may serve two consecutive four-year terms. Members who have served two full terms may be reappointed to the Diversity, Equity, and Inclusion Committee after a four-year hiatus from the committee.

F. *Removal.* A committee member may be removed by the Council for misconduct, nonperformance of duty, or three successive unexcused absences from regular meetings. The committee may, by motion, request that a member be removed by the Council. If the Council finds misconduct, nonperformance of duties or three successive unexcused absences from regular meetings by the member, the member shall be removed.

G. *Ex Officio Members.* One *ex officio* youth (21 years of age and under) may be appointed by the Council, to serve a three year term. The *ex officio* youth shall not be a voting member. Additional *ex officio* members may be appointed by the city manager or city manager designee and will serve a three-year term. Additional *ex officio* members shall not be voting members.

2.35.040 Officers.

A. *Chairperson / Vice-Chairperson.* At its first meeting of each year, the Diversity, Equity, and Inclusion Committee shall elect from its membership a chairperson and vice-chairperson. The chairperson or vice-chairperson, acting as chairperson, shall have the right to make or correct motions and vote on all matters before the committee. A majority of the committee may replace its chairperson or vice-chairperson with another member at any time during the calendar year.

B. *Annual Report to City Council.* The Chairperson of the Diversity, Equity, and Inclusion Committee shall make an annual report to the Council outlining accomplishments for the past year and work plan for the following year, or more often as the Chairperson deems appropriate, or at the request of the Council.

2.35.050 Meeting/Quorum.

A. *Meeting Schedule.* The Diversity, Equity, and Inclusion Committee shall meet as

required to accomplish its purpose and responsibilities.

B. *Meeting Conduct.* Except as provided under Oregon Public Meetings Law, the Rules of Parliamentary Law and Practice as in Roberts Rules of Order Revised Edition (“Roberts Rules”) shall govern each committee meeting. In the event of a conflict between Oregon Public Meetings Law and Roberts Rules, Oregon Public Meetings Law shall control.

C. *Open to the Public.* All meetings shall be open to the public.

D. *Quorum.* A majority of the members of the committee shall constitute a quorum. Quorum will be based on the number of people officially appointed to the committee at the time and does not include vacancies.

2.35.060 Expenses/Reimbursements. Committee members shall receive no compensation. Any expense incurred by a committee member that will need to be reimbursed by the City of McMinnville must be pre-authorized by the city manager or designee.

2.35.070 Special Provisions.

A. The Diversity, Equity, and Inclusion Committee shall operate within the laws and guidelines of the federal government, the state government, Yamhill County and the city of McMinnville.

B. The Council may appoint an ad-hoc committee to address issues that are not under the purview of the existing committee.

2.35.080 Staff Support. Staffing shall be determined by the city manager or city manager designee.”